

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	MERGER
EFFECTIVE DATE:	12/06/2000

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Universal Aqua Technologies, Inc.		12/06/2000	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	Capital Controls Co., Inc.
Street Address:	3000 Advance Lane
City:	Colmar
State/Country:	PENNSYLVANIA
Postal Code:	18915
Entity Type:	CORPORATION: PENNSYLVANIA

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	2512375	WATERWORKS

CORRESPONDENCE DATA

Fax Number: (713)975-0995
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 713-975-0800
 Email: umenon@patents-trademark.com
 Correspondent Name: Jo Katherine D'Ambrosio
 Address Line 1: 10260 Westheimer Road, Suite 465
 Address Line 4: Houston, TEXAS 77042

ATTORNEY DOCKET NUMBER:	SEVR029
NAME OF SUBMITTER:	Usha Menon
Signature:	/Usha Menon/

OP \$40.00 2512375

Date:

10/10/2007

Total Attachments: 51

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TRADEMARK

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of December 6, 2000, among the shareholders of Universal Aqua Technologies, Inc., a California corporation (the "Company") identified on the signature page hereof (the "Shareholders") and Capital Controls Co., Inc., a Pennsylvania corporation (the "Buyer," and together with the Shareholders, the "Parties").

RECITALS

A. The Shareholders own all of the issued and outstanding shares of common stock of the Company (the "Target Shares").

B. The Shareholders desire to sell and the Buyer desires to buy the Target Shares, free and clear of any Liens (as defined herein), for the purchase price upon and subject to the other terms and conditions hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the respective representations, warranties, agreements, and conditions hereinafter set forth, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINED TERMS

1.1 Defined Terms. The following terms shall have the following meanings in this Agreement:

"AAA" means the American Arbitration Association.

"Action" has the meaning set forth in Section 6.7.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. For purposes of this definition and this Agreement, the term "control" (and correlative terms) means the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

"Applicable Laws" means all federal, state, local and foreign (including Mexico or any political subdivision or agency thereof) public, civil and criminal laws, statutes, rules, regulations, ordinances, judgments, orders, decrees, injunctions, agreements, and writs of any Governmental Entity, including common law, having jurisdiction over the Assets or the business or operations of any Company Group Member, as may be in effect on or prior to the Closing, including any and all Environmental Laws.

"Assets" means all the tangible and intangible assets owned, leased, or licensed by the Company Group Members that are used or held for use in connection with the business or operations of the Company Group Members, whether or not reflected on the Financial Statements.

"Balance Sheet Date" means July 31, 2000.

"Benefit Program or Agreement" has the meaning set forth in Section 3.1(p)(ii)(B).

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California are authorized or required to be closed.

"Buyer" has the meaning set forth in the first paragraph of this Agreement and includes its permitted successors and assigns.

"Buyer Indemnified Costs" means (a) Buyer Indemnified Representation Costs; (b) any and all damages (including punitive, direct and indirect, and consequential damages, lost revenue and income, and damages for personal injury or death or property damage), losses, claims, liabilities, demands, assessments, judgments, actions, charges, suits, proceedings, penalties, costs, and any expenses whatsoever (including court costs and reasonable attorneys', consultants' and other professional fees, and disbursements of every kind, nature and description incurred by such Buyer Indemnified Party in connection therewith) (collectively, "Damages") incurred by any of the Buyer Indemnified Parties resulting from or relating to the business, operations, assets or liabilities of any of the Company Group Members prior to the date hereof, including any and all liabilities arising under any contracts which relate to events occurring prior to date hereof; (c) any accounts receivable included in the Corrected Balance Sheet (as defined herein), net of the reserves for such items included in the Corrected Balance Sheet, to the extent that such accounts receivable are not collected within twelve months of the Closing Date; and (d) any and all Damages that any of the Buyer Indemnified Parties incurs and that result from, relate to, or are incurred in connection with (i) through (vi): (i) any breach or default by any of the Seller Parties of any covenant, agreement or other provision under this Agreement or any agreement or document executed in connection herewith; (ii) failure by any of the Company Group Members to comply with applicable laws prior to the date hereof; (iii) any and all Environmental Liabilities; (iv) the Pending Claims; (v) the transportation, treatment, storage, handling or disposal of any Hazardous Substance generated by any of the Company Group Members, their predecessors or any entity previously owned by any of the Company Group Members at or to any off-site location; (vi) the presence, Release or threatened Release of any Hazardous Substance existing as of or prior to the Closing Date at, from, in, to, on, or under any property currently or previously owned, operated or leased by any of the Company Group Members, any predecessors of any of the Company Group Members or any entities previously owned by any of the Company Group Members.

"Buyer Indemnified Parties" means the Buyer and any officer, director, employee, consultant, stockholder, parent, partner, Affiliate and successor of the Buyer.

"Buyer Indemnified Representation Costs" means any and all Damages that any of the Buyer Indemnified Parties incurs and that arise out of or relate to any breach or default by any of the Shareholders of any of the representations or warranties under (A) Article 3 of this Agreement or (B) any agreement or document executed by the Shareholders in connection herewith.

"Cap" has the meaning set forth in Section 6.1(b).

"CERCLA" has the meaning set forth in the definition of Environmental Laws contained in this Section 1.1.

"CERCLIS" has the meaning set forth in Section 3.1(m)(vi).

"Claim Notice" has the meaning set forth in Section 6.4(a).

"Claim Response" has the meaning set forth in Section 6.4(a).

“Closing” has the meaning set forth in Section 5.1.

“Closing Date” means the date of the Closing specified in Section 5.1.

“Closing Balance Sheet” has the meaning set forth in Section 2.3(a).

“Closing Debt Payment” has the meaning set forth in Section 2.1.

“Closing Payment” has the meaning set forth in Section 2.1

“Code” shall mean the United States Internal Revenue Code of 1986, as amended. All references to the Code, U.S. Treasury regulations or other governmental pronouncements shall be deemed to include references to any applicable successor regulations or amending pronouncement.

“Commonly Controlled Entity” has the meaning set forth in Section 3.1(p)(iv)(B).

“Company” has the meaning set forth in the first paragraph of this Agreement.

“Company Group” means the Company and UAT Cancun.

“Company Group Member” means any of the Company and UAT Cancun.

“Company Reports” has the meaning set forth in Section 3.1(e).

“Consents” means all governmental consents and approvals, and all consents and approvals of third parties, in each case that are necessary in order to transfer the Target Shares to the Buyer and otherwise to consummate the Transactions.

“Consulting Agreement” means the Consulting Agreement between the Buyer and John Budesky in the form of Exhibit E.

“Contingent Claim” has the meaning set forth in Section 6.8.

“Contracts” means all agreements, contracts, or other binding commitments or arrangements, written or oral (including any amendments and other modifications thereto), to which any Company Group Member is a party or is otherwise bound and which affect or relate to any Company Group Member.

“Corrected Balance Sheet” is the balance sheet of the Company as of the Balance Sheet Date, as corrected by PricewaterhouseCoopers, LLP, attached as Schedule 2.3.

“Corrected Net Worth” has the meaning set forth in Section 2.3(c).

“Damages” has the meaning set forth in this Section 1.1, in Buyer Indemnified Costs definition.

“Deferred Consideration” has the meaning set forth in Section 2.5.

“Earn-Out Payment” has the meaning set forth in Section 2.4(a).

“Employee Benefit Plans” means any “employee benefit plan” within the meaning of Section 3(3) of ERISA and any bonus, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, vacation, severance, disability, death benefit, hospitalization or

insurance plan providing benefits to any present or former employee or contractor of any Company Group Member or any member of the ERISA Group maintained by any such entity or as to which any such entity has any liability.

“Employment Agreements” means the Employment Agreement between the Buyer and certain of the Shareholders in the form of Exhibit D.

“Environment” means all air, surface water, groundwater or land, including land surface or subsurface, including all fish, wildlife, biota, flora, fauna and all other natural resources.

“Environmental Claim” has the meaning set forth in Section 3.1(m)(ii).

“Environmental Laws” means all Applicable Laws pertaining to the environment, natural resources, the handling, use, generation, treatment, storage, transportation, disposal, manufacture, distribution, formulation, packaging, labeling or Release of Hazardous Substances and public or employee health and safety including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 *et seq.*) (“CERCLA”), the Emergency Planning and Community Right to Know Act and the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments Act of 1984, the Clean Air Act, the Clean Water Act, the Federal Water Pollution Control Act, the Toxic Substances Control Act, the Safe Drinking Water Act, the Occupational Safety and Health Act of 1970, the Oil Pollution Act of 1990, the Hazardous Materials Transportation Act, and any similar or analogous statutes, regulations and decisional law of any Governmental Authority, as each of the foregoing may be amended and in effect on or prior to the Closing.

“Environmental Permits” has the meaning set forth in Section 3.1(m)(ii).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Group” means the collective reference to any Company Group Member and any other trades or businesses under common control with any Company Group Member within the meaning of Section 4001(b)(1) of ERISA.

“Escrow Account” has the meaning set forth in Section 2.2.

“Escrow Agent” means Chase Manhattan Trust Company National Association.

“Escrow Agreement” has the meaning set forth in Section 2.2.

“Escrow Amount” has the meaning set forth in Section 2.2.

“Financial Statements” has the meaning set forth in Section 3.1(e).

“Funds Flow Memorandum” has the meaning set forth in Section 2.1.

“GAAP” means generally accepted accounting principles in the United States.

“Governmental Entity” means any governmental department, commission, board, bureau, agency, court or other instrumentality of the United States or Mexico, or any state, county, parish or municipality, jurisdiction, or other political subdivision or agency thereof.

“Guarantor” means Seven Trent (Del), Inc., a Delaware corporation.

“Guaranty” shall mean that Guaranty by Guarantor to the Shareholders, dated as of the date hereof.

“Hazardous Substances” means (A) any hazardous materials, hazardous wastes, hazardous substances, toxic wastes, and toxic substances as those or similar terms are defined under any Environmental Laws; (B) any asbestos or any material which contains any hydrated mineral silicate, including chrysolite, amosite, crocidolite, tremolite, anthophyllite and/or actinolite, whether friable or non-friable; (C) PCBs, or PCB-containing materials, or fluids; (D) radon; (E) any other hazardous, radioactive, toxic or noxious substance, material, pollutant, contaminant, constituent, or solid, liquid or gaseous waste; (F) any petroleum, petroleum hydrocarbons, petroleum products, crude oil and any fractions or derivatives thereof, any oil or gas exploration or production waste, and any natural gas, synthetic gas and any mixtures thereof; (G) any substance that, whether by its nature or its use, is subject to regulation under any Environmental Laws or with respect to which any Environmental Laws or Governmental Entity requires environmental investigation, monitoring or remediation; and (H) any underground storage tanks, dikes, or impoundments as defined under any Environmental Laws.

“Indemnified Parties” has the meaning set forth in Section 6.4(a).

“Indemnifying Party” has the meaning set forth in Section 6.4(a).

“Indemnitor” has the meaning set forth in Section 6.4(a).

“Independent Accounting Firm” has the meaning set forth in Section 2.3(b).

“Intellectual Property” means any copyright, Patents, Trademarks, Trade Secrets, and any applications or registrations therefor owned by, registered to or licensed to any Company Group Member or that any Company Group Member has a right to use, and any internet domain names, registered or unregistered, used by any Company Group Member.

“knowledge” means, with respect to a specified party hereto, the actual knowledge of such party (including the actual knowledge of any of such party’s officers, directors, and employees), together with such additional knowledge as would be acquired by a reasonable person upon conducting reasonable and diligent inquiry concerning the subject matter in question.

“Leased Real Property” means all of any Company Group Member’s leasehold interests, easements, licenses, rights to access and rights-of-way that are used or held for use in the business of any Company Group Member, including those interests that are identified and described in Schedule 3.1(j).

“liability” means any liability, indebtedness, obligation, claim, guaranty or endorsement of or by any Person, absolute or contingent, accrued or unaccrued, due or to become due, liquidated or unliquidated.

“Liens” means all liens, pledges, claims, security interests, mortgages, deeds of trust, covenants, restrictions, rights of first refusal, sale agreements, options or encumbrances of any kind.

“Liquidated Payment” has the meaning set forth in Section 6.6.

“Material Adverse Effect” means a material adverse effect on the business, operations, properties, condition (financial or otherwise), results of operations, Assets, liabilities, or prospects of any of the

Company Group Members.

“Measurement Period” has the meaning set forth in Section 2.4(a).

“Non-Competition and Non-Solicitation Agreement” means the Non-Competition and Non-Solicitation Agreement between the Buyer and certain of the Shareholders in the form of Exhibit A.

“NPL” has the meaning set forth Section 3.1(m)(vi).

“order backlog” means all binding purchase order commitments of customers pursuant to which any of the Company Group Members is obligated to sell goods and such customer is obligated to receive and pay for such goods.

“ordinary course” or “ordinary course of business” means the ordinary course of business of each of the Company Group Members, as consistent with past practices.

“Outside Products” has the meaning set forth in Section 2.4(b)(i).

“Patents” means all patents together with any extensions, reexaminations, and reissues of such patents, patents of addition, patent applications, divisions, continuations, continuations-in-part, and any subsequent filings in any country or jurisdiction claiming priority therefrom.

“PBGC” has the meaning set forth in Section 3.1(p)(iv)(A).

“Pending Claims” means any and all claims, demands, actions, charges, suits, proceedings, judgments or any other matter that any Person may have against any of the Company Group Members arising out of or relating to the Clearly Tropical lawsuit and the Staar Surgical lawsuit whether or not included or alleged in such lawsuits as filed.

“Permits” has the meaning set forth in Section 3.1(f)(ii).

“Person” means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization, or other entity.

“Personal Property” means all of the machinery, equipment, computer programs, computer software, tools, motor vehicles, furniture, furnishings, leasehold improvements, office equipment, inventories, supplies, plant, spare parts, and other tangible or intangible personal property that are owned or leased by any Company Group Member and that are used or held for use in the business or operations of any Company Group Member, including the personal property which is listed on Schedule 3.1(k) hereto.

“Plan” has the meaning set forth in Section 3.1(p)(ii)(A).

“Purchase Price” has the meaning set forth in Section 2.1.

“Qualifying Product” has the meaning set forth in Section 2.4(b)(i).

“Recourse Funds” means the Deferred Consideration and the Earn-Out Payment.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the Environment.

"Representative" has the meaning set forth in Section 7.17.

"Resolution Period" has the meaning set forth in Section 6.4(b).

"Response Period" has the meaning set forth in Section 6.4(a).

"Schedules" means the Schedules attached hereto.

"Seller Party" means any of the Company Group Members, the Shareholders and Alberto Senties Cid.

"Shareholder" has the meaning set forth in the first paragraph of this Agreement.

"Shareholder Ratio" means the proportion of the respective amount to be paid to the Shareholders as set forth on Schedule 2.2.

"Target Shares" has the meaning set forth in the Recitals.

"Tax Returns" means any return, report, statement, information return or other document (including any related or supporting information) filed or required to be filed with any taxing authority (including Mexico or any political subdivision or agency thereof) in connection with the determination, assessment, collection or administration of any Taxes or the administration of any laws, regulations or administrative requirements relating to any Taxes.

"Taxes" means any taxes, charges, fees, imposts, levies, interest, penalties, additions to tax or other assessments or fees of any kind, including income, corporate, capital, excise, property, sales, use, turnover, value added and franchise taxes, deductions, withholdings and customs duties, imposed by any taxing authority (including Mexico or any political subdivision or agency thereof) and any payments with respect thereto required under any tax-sharing agreement.

"Torrance Facility" has the meaning set forth in Section 2.4(b)(i).

"Total Gross Revenues" has the meaning set forth in Section 2.4(b).

"Trade Secrets" means any know-how, trade secrets, customer lists, software and other technical information, data, process technology, plans, drawings, innovations, designs, proprietary information and blueprints, owned, licensed, either directly or indirectly (as licensor or licensee), or which any Company Group Member has the right to use in the operation of its business, except for any such item that is generally available to the public.

"Trademarks" means any registered trademarks, registered servicemarks, trademark and servicemark applications, and unregistered trademarks and servicemarks, brand names, certification marks, trade dress, good-will associated with the foregoing, and registrations in any jurisdictions of, and applications in any jurisdiction to register, the foregoing, including any extension modification or renewal of any such registration or application owned, licensed, or used by any Company Group Member in the operation of its business.

"Transaction" means the purchase and sale of the Target Shares and the other transactions contemplated by the Transaction Documents.

"Transaction Documents" means this Agreement, the Non-Competition and Non-Solicitation

Agreement, the Escrow Agreement, the Employment Agreements and the Consulting Agreement.

"UAT Cancun" means Universal Aqua Technologies de Mexico S.A., a Mexican corporation a partially-owned subsidiary of the Company.

"UAT Export" means UAT Export, Inc., a foreign sales corporation.

"Unliquidated Claims" has the meaning set forth in Section 6.4(a).

1.2 **References and Titles.** All references in this Agreement to Exhibits, Schedules, Articles, Sections, subsections, and other subdivisions refer to the corresponding Exhibits, Schedules, Articles, Sections, subsections, and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections, or other subdivisions of this Agreement are for convenience only, do not constitute any part of such Articles, Sections, subsections or other subdivisions, and shall be disregarded in construing the language contained therein. The words "this Agreement," "herein," "hereby," "hereunder," and "hereof," and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Section," "this subsection," and words of similar import, refer only to the Sections or subsections hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation." Pronouns in masculine, feminine, or neuter genders shall be construed to state and include any other gender and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise expressly requires. Unless the context clearly requires, all references to the plural shall include the singular, the singular the plural and the part the whole. Each accounting term used herein that is not specifically defined herein shall have the meaning given to it under GAAP. Any determination as to whether a situation is material shall be made by taking into account the effect of all other provisions of this Agreement that contain a qualification with respect to materiality so that the determination is made after assessing the aggregate effect of all such situations. Any reference to a Party's being satisfied with any particular item or to a Party's determination of a particular item presumes that such standard will not be achieved unless such Party shall be satisfied or shall have made such determination in its sole or complete discretion.

ARTICLE 2

SALE AND PURCHASE OF TARGET SHARES

2.1 **Agreement to Sell and Buy; Purchase Price.** At the Closing (as hereinafter defined), subject to the terms and conditions of this Agreement, the Shareholders shall sell and transfer the Target Shares to the Buyer, free and clear of all Liens, and the Buyer shall purchase the Target Shares from the Shareholders for an aggregate purchase price equal to the remainder of \$5,150,000 minus the amount required to pay in full on the Closing Date all indebtedness for borrowed money of the Company (the "Closing Debt Payment"), which the parties agree is \$[] (such computed aggregate, as it may be adjusted after the Closing Date as provided below, is referred to herein as the "Purchase Price"). The Purchase Price (in the amount of such aggregate on the Closing Date) less the Deferred Consideration (such remainder shall be referred to herein as the "Closing Payment") shall be allocated among the Shareholders, Escrow Account and any third-party payees as set forth on Schedule 2.1 (the "Funds Flow Memorandum"). The Purchase Price is subject to adjustment pursuant to Sections 2.3 and 2.4, and Article 6.

2.2 **Escrow Amounts.** If each of the Pending Claims are not settled or dismissed on the merits prior to the Closing, the Shareholders shall deposit at the Closing in the Shareholder Ratio the

aggregate amount of \$250,000 (such amount, as increased by any additional amounts deposited with the Escrow Agent pursuant to Section 2.5, is referred to herein as the "Escrow Amount") with the Escrow Agent as designated in the escrow agreement (the "Escrow Agreement"), substantially in the form of Exhibit B, to be entered into at the Closing by the Buyer, the Shareholders and the Escrow Agent. The Escrow Amount shall be deposited in an interest bearing account maintained by the Escrow Agent (the "Escrow Account"), with all interest to accrue to the Shareholders. The Escrow Amount shall remain in the Escrow Account until such time as each of the Pending Claims are settled or dismissed on the merits or until the applicable statutes of limitations have expired. The Escrow Amount, and all interest earned thereon, shall be available to the Buyer to satisfy claims for indemnification as provided for in Article 6. The Escrow Agreement sets forth the terms upon which disbursements shall be made by the Escrow Agent.

2.3 Post-Closing Adjustment to Purchase Price.

(a) Not more than 60 days after the Closing Date, the Buyer shall prepare and deliver to the Representative (as hereinafter defined) a balance sheet of the Company as of November 30, 2000 (the "Closing Balance Sheet"). The Closing Balance Sheet shall be prepared in accordance with GAAP using the same methods and criteria employed by the Buyer in connection with their preparation of the Corrected Balance Sheet. Neither the Closing Balance Sheet nor the Corrected Balance Sheet shall reflect a deferred tax asset on account of any net operating loss carryforward. In connection with the preparation of the Closing Balance Sheet, the Buyer may conduct a physical inventory of the Company, and the Shareholders shall cause the Company to take all reasonable measures to assist the Buyer. The Closing Balance Sheet will reflect any adjustments resulting from such physical inventory. Concurrent with the delivery of the Closing Balance Sheet, the Buyer shall also deliver to the Representative (i) a balance sheet of UAT Cancun as of November 30, 2000 (the "UAT Cancun Balance Sheet"), and (ii) the amount of the net operating loss of the Company as of the Closing Date (the "Closing NOL"), and together with the Closing Balance Sheet and the UAT Cancun Balance Sheet, the "Purchase Price Adjustment Criteria"). All expenses incurred in connection with the preparation of any of the Purchase Price Adjustment Criteria shall be the responsibility of the Buyer.

(b) Each of the Purchase Price Adjustment Criteria shall become final and binding upon the parties unless, within 15 days following its submittal to the Representative, the Representative gives the Buyer notice of his objection to any of such Purchase Price Adjustment Criteria, which objection may only be that such Purchase Price Adjustment Criteria was not properly prepared under this Section 2.3. If the Representative gives the Buyer such notice of his objection to the Purchase Price Adjustment Criteria, the Representative and the Buyer shall negotiate in good faith to resolve any differences. If within 10 days following the receipt of such notice by Buyer any of such differences have not been resolved, the parties shall submit the dispute to Ernst & Young, LLP (the "Independent Accounting Firm"), which firm shall use the methods and criteria and such procedures as it may determine in its sole discretion, and the Independent Accounting Firm's opinion thereon and the resulting Purchase Price Adjustment Criteria shall be final, binding and not subject to any appeal. The fees and expenses of the Independent Accounting Firm shall be paid one-half by the Representative (which amount the Shareholders shall promptly pay to the Representative upon notice in the Shareholder Ratio) and one-half by the Buyer.

(c) Within 30 days following the finalization of the Purchase Price Adjustment Criteria pursuant to Section 2.3(b), if the total assets minus the total liabilities (exclusive of any debt) reflected on the Closing Balance Sheet is (i) less than the total assets minus the total liabilities (exclusive of any debt) reflected on the Corrected Balance Sheet (the "Corrected Net Worth"), then the Shareholders, in the Shareholder Ratio, shall pay the Buyer in cash as a reduction in the Purchase Price the amount of such deficiency, or (ii) greater than the Corrected Net Worth, then the Buyer shall pay the Shareholders, in the Shareholder Ratio, in cash as an increase in the Purchase Price the amount of such excess.

(d) Within 30 days following the finalization of the Purchase Price Adjustment Criteria pursuant to Section 2.3(b), if the total assets minus the total liabilities (exclusive of any debt) reflected on the UAT Cancun Balance Sheet is (i) less than \$35,000, then the Shareholders, in the Shareholder Ratio, shall pay the Buyer in cash as a reduction in the Purchase Price the amount of such deficiency, or (ii) greater than \$35,000, then the Buyer shall pay the Shareholders, in the Shareholder Ratio, in cash as an increase in the Purchase Price the amount of such excess.

(e) Within 30 days following the finalization of the Purchase Price Adjustment Criteria pursuant to Section 2.3(b), if the Closing NOL is less than \$500,000, then the Shareholders, in the Shareholder Ratio, shall pay the Buyer in cash as a reduction in the Purchase Price an amount equal to the product of (i) the amount of such deficiency and (ii) .4.

(f) If payment pursuant to Sections 2.3(c), (d) and (e) is not made in full within 30 days following the finalization of the Purchase Price Adjustment Criteria by either the Shareholders or the Buyer, interest shall accrue on a daily basis and become due at the Applicable Rate.

(g) Nothing in this Section 2.3 shall preclude any party from exercising, or shall adversely affect or otherwise limit in any respect the exercise of, any right or remedy available to it hereunder or otherwise for any misrepresentation or breach of warranty hereunder, but neither the Buyer, the Representative nor any Shareholder shall have any right to dispute the Closing Balance Sheet or any portion thereof once it has been finalized in accordance with Section 2.3(b).

2.4 Earn-Out Payment.

(a) Within 60 days of the end of the Measurement Period (as defined below), the Buyer shall calculate the Total Gross Revenues, as defined in Section 2.4(b) below. The Purchase Price may be increased as follows. If the Company's reported Total Gross Revenues for the period beginning on the day after the Closing Date and ending on the first anniversary of the Closing Date (the "Measurement Period") is:

(i) greater than or equal to \$18,000,000 but less than 18,500,000, then the Buyer shall pay \$250,000 to the Shareholders as an increase in the Purchase Price; or

(ii) greater than or equal to \$18,500,000 but less than 19,000,000, then the Buyer shall pay \$650,000 to the Shareholders as an increase in the Purchase Price; or

(iii) greater than or equal to \$19,000,000 but less than 20,000,000, then the Buyer shall pay \$1,050,000 to the Shareholders as an increase in the Purchase Price; or

(iv) greater than or equal to \$20,000,000, then the Buyer shall pay \$1,250,000 to the Shareholders as an increase in the Purchase Price.

However, if the Company's Total Gross Revenues for the Measurement Period is less than \$18,000,000, then there shall be no increase to the Purchase Price made pursuant to this Section 2.4. Any payment made by the Buyer to the Shareholders pursuant to this Section 2.4(a) shall be referred to as the "Earn-Out Payment." The Earn-Out payment shall be subject to set-off in order to satisfy claims for indemnification made by the Buyer pursuant to Article 6 hereof. To the extent that any such adjustment made pursuant to Section 6.1(b) hereof is greater than or equal to the Earn-Out Payment, the Buyer shall not be obligated to make such Earn-Out Payment.

(b) (i) For the purposes of this Section 2.4, "Total Gross Revenues" means:

(A) the sum of all revenues derived from the sale, during the Measurement Period, pursuant to commercially reasonable terms that include a reasonable profit, of (1) each and every product, part or accessory manufactured and/or assembled at the Company's facility located in Torrance, California (the "Torrance Facility") (including the sale by the Company of components, parts or accessories manufactured and/or assembled outside the Torrance Facility ("Outside Products")) to the extent that such components, parts or accessories are part of a Company customer order that includes products that have been manufactured and/or assembled at the Torrance Facility) and (2) spare parts, supplies and accessories shipped from the Torrance Facility or drop shipped for use by customers (each, a "Qualifying Product"); less

(B) sales returns, allowances, discounts, rebates and credits; less

(C) write-offs and write-downs for doubtful accounts receivable for any sales occurring during the Measurement Period and falling under the definition of Total Gross Revenues; less

(D) the amount, if any, that the order backlog of the Company Group Members on the date of the expiration of the Measurement Period is less than \$4,000,000.

(ii) Total Gross Revenues shall not include any revenues derived from the resale of any Qualifying Product by the Buyer or any of its Affiliates; provided, however, that Total Gross Revenues shall include revenues derived from the sale of Qualified Products to Buyer and its Affiliates and from the resale of Qualifying Product by UAT Cancun, but not the revenues derived from sales of Qualifying Product directly to UAT Cancun.

(iii) The percentage of completion accounting method shall not be used to determine Total Gross Revenues. For the purposes of this Section 2.4, a "sale" shall include all transactions that are appropriately booked as sales during the Measurement Period pursuant to GAAP.

(c) If in connection with the determination of the Total Gross Revenues a reduction is made pursuant to Section 2.4(b)(i)(C) for a doubtful account, and the amount written-off or written-down is recovered by or on behalf of or paid to Buyer or its Affiliates prior to the 120th day following the end of the Measurement Period, then the amount so later recovered or paid to Buyer or its Affiliates (less any third party collection costs) shall be considered sales for the purposes of the calculation of Total Gross Revenues pursuant to Section 2.4(b). Upon the expiration of the 120-day period following the Measurement Period, the Buyer shall recalculate Total Gross Revenues in accordance with Section 2.4(b) above taking into account sales derived from such amounts written-off or written-down. If the Shareholders are entitled to an additional Earn-Out Payment (pursuant to Section 2.4(a)) based upon such recalculation, the Buyer shall make such additional payment to the Representative (to be paid to the Shareholders in the Shareholder Ratio) within 30 days of such determination.

(d) Other than any payments made pursuant to Section 2.4(c), in the event the Buyer must make an Earn-Out Payment, such payment shall be made by a wire transfer of immediately available funds to such bank and accounts or banks and accounts as the Shareholder shall designate within 75 days after the end of the Measurement Period.

2.5 Deferred Consideration. The Buyer shall hold \$500,000 of the Purchase Price (the "Deferred Consideration") for one year following the Closing Date, and such funds shall be available to satisfy any claims by the Buyer Indemnified Parties for indemnification pursuant to Article 6. Subject to claims for indemnification pursuant to Section 6.4(c), on the first anniversary of the Closing Date, the

Buyer shall disburse the balance of the Deferred Consideration, if any, to the Representative, to be distributed to the Shareholders in the Shareholder Ratio; provided, however, that if each of the Pending Claims are not settled or dismissed on the merits prior to the first anniversary of the Closing Date, the Buyer shall (i) deposit \$150,000 of the Deferred Consideration, or if the balance of the Deferred Consideration is less than or equal to \$150,000, the entire balance of the Deferred Consideration, into the Escrow Account and such amount shall become part of the Escrow Amount and (ii) disburse the remainder of the Deferred Consideration, if any, to the Representative, to be distributed to the Shareholders in the Shareholder Ratio.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties Regarding Company.** The Shareholders, jointly and severally, represent and warrant to the Buyer as follows (with the understanding that the Buyer is relying on such representations and warranties in entering into and performing this Agreement):

(a) Organization, Good Standing, Etc.

(i) Each Company Group Member is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which such corporation was incorporated and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified and in good standing to do business in each state or country listed on Schedule 3.1(a), which states and countries represent every jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary. The Seller Parties have delivered to the Buyer true and complete copies of each Company Group Member's Articles of Incorporation and Bylaws, as in effect at the date of this Agreement. No Company Group Member is in violation of any provisions of its Articles of Incorporation or Bylaws.

(ii) The authorized capital stock of each of the Company Group Members is as follows: the Company- 1,000,000 shares of Common Stock, par value \$1.00 per share, of which 438,714 shares are issued and outstanding; UAT Cancun- 15 shares of Series A stock, of which 15 shares are issued and outstanding, and 85 shares of Series B stock, of which 85 shares are issued and outstanding. No shares are held as treasury stock by any Company Group Member. All of such shares have been duly authorized and validly issued, are fully paid and non-assessable, were not issued in violation of the terms of any agreement or other understanding binding upon any of the Company Group Members and were issued in compliance with the Articles of Incorporation and the Bylaws of each of the Company Group Members and all Applicable Laws. There are no outstanding subscriptions, options, warrants, convertible securities, calls, commitments, agreements or other rights (contingent or otherwise) of any character to purchase or otherwise acquire from any of the Company Group Members or any other Person any shares of, or any securities convertible into, the capital stock of any of the Company Group Members, and the Company Group Members have taken all steps necessary so that all such rights previously granted are not outstanding at the time hereof.

(iii) (A) The Shareholders are the lawful owners of record and beneficially own all of the Target Shares in the respective amounts as set forth on Schedule 3.1(a)(iii)(A), free and clear of all Liens. This Agreement and the respective other Transaction Documents to which the Shareholders are parties have been duly executed and delivered by each of the Shareholders who are parties thereto, and constitute the legal, valid and binding obligations

of each of the Shareholders who are parties thereto, enforceable against him or her in accordance with its terms. The Shareholders have the absolute and unrestricted right, power, authority, and capacity to execute and deliver the Transaction Documents and to perform their obligations under the Transaction Documents. In the case of any Shareholder that is a corporation, (1) the execution and delivery of the Transaction Documents to which such corporate Shareholder is a party to has been duly authorized by all necessary action and (2) upon execution and delivery at the Closing will be duly executed and delivered by a duly authorized officer of such corporate Shareholder and will constitute the valid, legal and binding obligation of such corporate Shareholder enforceable against it in accordance with their terms. Upon consummation of the Transactions, the Buyer will have received valid title to the Target Shares, free and clear of all Liens.

(B) The Company and Marwan Nesicolaci are the lawful owners of record and beneficially owns all of the issued and outstanding capital stock of UAT Cancun free and clear of all Liens as set forth on Schedule 3.1(a)(iii)(B).

(b) Subsidiaries of Company. Other than the ownership by the Company of the capital stock of UAT Cancun, none of the Company Group Members owns, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, limited liability company, trust, joint venture or other legal entity. Prior to the date hereof, the Company has distributed or otherwise divested itself of all of its interest in UAT Export and no longer is a record or beneficial owner of any interest in UAT Export.

(c) [RESERVED]

(d) No Conflict; Required Filings and Consents. The execution and delivery of the Transaction Documents by the Shareholders do not and the performance by the Shareholders of the Transactions will not (A) violate, conflict with, or result in any breach of any provision of any Company Group Member's Articles of Incorporation or Bylaws or any securities issued by any Company Group Member, (B) violate, conflict with, or result in a violation or breach of, or constitute a default (with or without due notice or lapse of time or both) under, or permit the termination of, or result in the acceleration of, or entitle any party to accelerate (whether as a result of a change of control of any Company Group Member or otherwise) any obligation, or result in the loss of any benefit, or give any person the right to require any security to be repurchased, or give rise to the creation of any Lien, upon any of the Assets under any of the terms, conditions, or provisions of any loan or credit agreement, note, bond, mortgage, indenture, or deed of trust, or any license, lease, agreement, or other instrument or obligation to which any Seller Party is a party or by which or to which it or any of the Assets may be bound or subject, or (C) violate any order, writ, judgment, injunction, decree, statute, law, rule, or regulation, of any Governmental Entity applicable to any Seller Party or by which or to which any of the Assets is bound or subject. No Consent of any Governmental Entity is required by or with respect to the Seller Parties in connection with the execution and delivery of this Agreement or any of the other Transaction Documents by the Seller Parties or the consummation of the Transactions.

(e) Reports; Financial Statements; Absence of Certain Changes or Events.

(i) Each Company Group Member has filed timely all forms, reports, statements, and other documents required to be filed with all Governmental Entities (collectively, the "Company Reports"). The Company Reports were prepared in all respects in accordance with the requirements of all Applicable Laws.

(ii) The Corrected Balance Sheet and the income statement for the period ended March 31, 2000, as corrected by PricewaterhouseCoopers, LLP, contained in Schedule 3.1(e) (collectively, the "Financial Statements") present fairly the financial position and quality of earnings of the Company as of the dates thereof, and the results of its operations for the period then ended. All information furnished by any Company Group Member or the Shareholders to the Buyer used in the preparation of the Financial Statements is true, correct and complete in all respects.

(iii) The order backlog of the Company Group Members was at least \$_____ as of November 30, 2000. Schedule 3.1(e) contains a complete and accurate (A) list of the order backlog of the Company Group Members as of November 30, 2000, (B) list of any advanced payments, letters of credit or other financing arrangements relating to such order backlog and (C) schedule of the work production on such order backlog.

(iv) Except as disclosed in Schedule 3.1(e), no Company Group Member has any liability that is not reflected or reserved against in the Corrected Balance Sheet, other than (A) liabilities incurred in the ordinary course of business since the Balance Sheet Date, (B) liabilities arising in the ordinary course of its business under any agreement, contract, purchase order, commitment, lease or plan specifically disclosed on any Schedule to this Agreement or not required to be so disclosed because of the term or amount involved or otherwise.

(v) Except as disclosed in Schedule 3.1(e), since the Balance Sheet Date, each Company Group Member has conducted its business only in the ordinary course. Since the Balance Sheet Date, there has not occurred, and no Company Group Member has incurred or suffered, any event, circumstance, or fact that could result in a Material Adverse Effect.

(f) Compliance with Applicable Laws; Licenses.

(i) Each Company Group Member has complied with, and is not in violation of any, law, rule or regulation to which it or its business, operations, assets or properties is subject (including the laws, rules or regulations of Mexico or any political subdivision or agency thereof) and has not failed to obtain or to adhere to the requirements of any license, permit or authorization necessary to the ownership of its assets and properties or to the conduct of its business and operations, which noncompliance, violation or failure to obtain or adhere might adversely affect its businesses, operations, assets, properties, prospects or condition (financial or otherwise). No investigation or review by any Governmental Entity with respect to any Company Group Member is pending or threatened.

(ii) Each Company Group Member owns or holds all material licenses, franchises, permits and other governmental authorizations, including permits, titles (including motor vehicle titles and current registrations), fuel permits, licenses and franchises necessary for the continued operation of its businesses as they are currently being conducted (the "Permits"). Schedule 3.1(f) is a true and complete list of all Permits held by each Company Group Member as of the date hereof. The Permits are valid, and no Company Group Member has received any notice that any Governmental Entity intends to modify, cancel, terminate or fail to renew any Permit. Except as set forth on Schedule 3.1(f), no present or former officer, manager, member or employee of any Company Group Member, or any Affiliate thereof, or any other Person, firm, corporation or other entity, owns or has any proprietary, financial or other interest (direct or indirect) in any Permits. Each Company Group Member has conducted and is conducting its businesses in compliance with the requirements, standards, criteria and conditions set forth in the Permits and other applicable orders, approvals, variances, rules and regulations and are not in

violation of any of the foregoing, except where such non-compliance or violation would not have a Material Adverse Effect. Except as set forth on Schedule 3.1(d) or 3.1(f), the Transactions will not result in a default under, or a breach or violation of, or adversely affect the rights and benefits afforded to any Company Group Member by any Permit.

(g) Absence of Litigation. Except as set forth on Schedule 3.1(g), there is no claim, action, suit, inquiry, judicial, or administrative proceeding, grievance, or arbitration pending or threatened against any Company Group Member by or before any arbitrator or Governmental Entity, nor are there any investigations relating to any Company Group Member or threatened by or before any arbitrator or Governmental Entity. Except as set forth in Schedule 3.1(g), there is no judgment, decree, injunction, order, determination, award, finding, or letter of deficiency of any Governmental Entity or arbitrator outstanding against any Company Group Member. There is no action, suit, inquiry or judicial or administrative proceeding pending or threatened against any Seller Party relating to the Transactions. No Company Group Member has ever been a defendant in any product liability litigation nor has any such litigation ever been threatened against any Company Group Member.

(h) Insurance. Since their inception, each Company Group Member has been insured against such risks as companies engaged in a similar business would be, in accordance with good business practice, customarily insured. Schedule 3.1(h) sets forth an accurate summary of all fire, general liability, malpractice liability, theft, and other forms of insurance and all fidelity bonds held by or applicable to each Company Group Member. Except as set forth on Schedule 3.1(h), the policies of general liability, malpractice liability, fire, theft, and other insurance maintained with respect to the operations, assets, or businesses of each Company Group Member provide adequate coverage against loss. No event has occurred, including the failure by any Company Group Member to give any notice or information or the delivery of any inaccurate or erroneous notice or information, which limits or impairs the rights of any Company Group Member under any such insurance policies in such a manner as could have a Material Adverse Effect. Excluding insurance policies that have expired and been replaced in the ordinary course of business, no insurance policy held by or applicable to any Company Group Member has been canceled within the last two years prior to the date hereof.

(i) Owned Real Property. No Company Group Member owns any Real Property.

(j) Leased Real Property. Schedule 3.1(j) contains an accurate description of all the leasehold interests relating to the business and operations of any Company Group Member as now conducted (including street address, legal description (where known), identity of the owner/lessor, the rental rate, the unexpired term of the lease and the Company Group Member's use thereof). The Real Property listed on Schedule 3.1(j) includes all interests in Real Property necessary to conduct the business and operations of each Company Group Member. Each lease described in Schedule 3.1(j) is a valid and binding obligation of the Company Group Member that is a party to such lease and is in full force and effect without amendment other than as described in Schedule 3.1(j). Except as otherwise disclosed on Schedule 3.1(j), no Company Group Member is, and to the knowledge of the Seller Parties, no other party is, in default under any lease described in Schedule 3.1(j). Each Company Group Member has the full legal power and authority to assign its rights under the leases listed in Schedule 3.1(j) to the Buyer. All leasehold interests listed in Schedule 3.1(j) (including the improvements thereon) are available for immediate use in the conduct of the business and operations of the Company Group as currently conducted. The Company has obtained a consent to the Transaction from the lessor of its headquarters and manufacturing facility located at 2660 Columbia Street, Torrance, California.

(k) Personal Property. Schedule 3.1(k) contains a description of the items of Personal Property that have been capitalized, which comprise all Personal Property used or held for use in connection with the businesses and operations of the Company Group or which permit the operations of

the Company Group Members as now conducted. All such Personal Property is located at the locations listed on Schedule 3.1(k). Except as set forth on Schedule 3.1(k), each Company Group Member has good title to, or a valid leasehold or license interest in, all Personal Property that such Company Group Member purports to own and none of the Personal Property is subject to any Lien. No Company Group Member is, and to the knowledge of the Seller Parties, no other party is, in default under any of the leases, licenses and other Contracts relating to the Personal Property. Except as otherwise disclosed in Schedule 3.1(k), the Personal Property (i) is in reasonable operating condition and repair (ordinary wear and tear excepted), (ii) is available for immediate use in the business and operation of the Company Group as currently conducted and (iii) permits each Company Group Member to operate in accordance with all other applicable federal, state and local statutes, ordinances, rules and regulations.

(l) [RESERVED]

(m) Environmental Matters. Except as disclosed on Schedule 3.1(m):

(i) During the time in which any Company Group Member owned, occupied or leased any real property, the real property and facilities owned, operated, and leased by each Company Group Member and the operations of each Company Group Member thereon have at all times complied with all Environmental Laws;

(ii) No administrative or judicial actions, suits, orders, claims, liens, notices of violation, investigations or similar proceedings are pending or threatened against any Company Group Member pursuant to or alleging the violation of any Environmental Laws (hereinafter "Environmental Claims"), and no notice from any Governmental Entity or any private or public person has been received by any Company Group Member claiming any violation of any Environmental Laws in connection with any real property or facility currently or previously owned, operated or leased by any Company Group Member, any predecessors of any Company Group Member or any entities previously owned by any Company Group Member, or requiring any remediation, clean-up, modification, repairs, work, construction, alterations, or installations on or in connection with any real property or facility owned, operated or leased by any Company Group Member, any predecessors of any Company Group Member or any entities previously owned by any Company Group Member that are necessary to comply with any Environmental Laws and that have not been complied with or otherwise resolved to the satisfaction of the party giving notice;

(iii) All permits, registrations, licenses, authorizations, and similar consents ("Environmental Permits") required to be obtained, held or filed by each Company Group Member under any Environmental Laws in connection with each Company Group Member's operations have been duly obtained or filed, and each Company Group Member is and has at all times complied with the terms and conditions of all such Environmental Permits;

(iv) All Hazardous Substances used or generated by any Company Group Member or any of their predecessors on, in, or under any of the owned, operated, or leased real property or facilities are and have at all times been generated, stored, used, treated, disposed of, and Released by such persons or on their behalf in compliance with all Environmental Laws;

(v) During the time any Company Group Member owned, occupied or leased any real property, no Releases of Hazardous Substances occurred at, from, in, to, on or under any such property currently or previously owned, operated or leased by any Company Group Member, any predecessor of any Company Group Member or any entities owned by any

Company Group Member that could give rise to an Environmental Claim against any Company Group Member;

(vi) No Company Group Member has received, and to the knowledge of the Seller Parties, expects to receive, any notification from any source advising any Company Group Member that: (A) it is a potentially responsible party under CERCLA or any other Environmental Laws; (B) any real property or facility currently or previously owned, operated, or leased by any Company Group Member, any predecessors of any Company Group Member or any entities previously owned by any Company Group Member is identified or proposed for listing as a federal National Priorities List ("NPL") (or state-equivalent) site or a Comprehensive Environmental Response, Compensation and Liability Information System ("CERCLIS") list (or state-equivalent) site; and (C) any facility to which it has ever transported or otherwise arranged for the disposal of Hazardous Substances is identified or proposed for listing as an NPL (or state-equivalent) site or CERCLIS (or state-equivalent) site;

(vii) To the knowledge of the Seller Parties, there are no (i) underground storage tanks, active or abandoned, (ii) PCBs or PCB containing equipment or (iii) asbestos or asbestos-containing materials at any property currently or previously owned, operated or leased by any Company Group Member, any predecessor of any Company Group Member or any entities previously owned by any Company Group Member.

(viii) There have been no investigations, studies, audits, tests, reviews or other analyses conducted by, on behalf of, or which are in the possession of any Company Group Member with respect to any property currently or previously owned, operated or leased by any Company Group Member, any predecessor of any Company Group Member or any entities owned by any Company Group Member which have not been delivered to the Buyer prior to execution of this Agreement.

(n) Taxes.

(i) Each Company Group Member has filed all Tax Returns that it was ever required to file. All such Tax Returns were correct and complete in all respects. All Taxes owed by each Company Group Member (whether or not shown on any Tax Return) have been paid. No Company Group Member currently is the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where any Company Group Member does not file Tax Returns that such Company Group Member is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes on any of the assets of any Company Group Member (except for Liens for Taxes not yet due and payable).

(ii) Each Company Group Member has properly withheld and timely paid over to the proper taxing authority all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party and has complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto in connection with any amounts paid to any employee, independent contractor, creditor, or third party.

(iii) None of any Company Group Member, the directors or officers (and employees responsible for Tax matters) of any Company Group Member, or the directors or officers (and employees responsible for Tax matters) of the parent of any affiliated group of which any Company Group Member was or is a member has any reason to believe that any taxing

authority might assess any additional Taxes against any Company Group Member for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of any Company Group Member either (i) claimed or raised by any authority in writing or (ii) as to which any directors and officers (and employees responsible for Tax matters) of any Company Group Member has any knowledge. Schedule 3.1(n) lists all federal, state, local, and foreign income Tax Returns filed with respect to each Company Group Member for taxable periods ended on or after October, 1996, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. Each Company Group Member has delivered to the Buyer correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by any Company Group Member since March 31, 1997.

(iv) No Company Group Member has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency.

(v) No Company Group Member has filed a consent under Code 341(f) concerning collapsible corporations. No Company Group Member has made any payments, is obligated to make any payments, or is a party to any agreement that under certain circumstances could obligate it to make any payments that will not be deductible under Code 280G. No Company Group Member has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified by Section 897(c)(1)(A)(ii). Each Company Group Member has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code. No Company Group Member is a party to any Tax allocation, Tax sharing, Tax indemnification or similar agreement. No Company Group Member is required to make any adjustments to income under Section 481 of the Code for any period ending after the Closing Date or to otherwise include in Taxable income any amount that is attributable to a transaction occurring in a period ending on or prior to the Closing Date. No Company Group Member (i) has been a member of an affiliated group filing a consolidated federal income Tax Return; or (ii) has any liability for the Taxes of any Person (w) under Treas. Reg. 1.1502-6 (or any similar provision of state, local, or foreign law), (x) as a transferee or successor, (y) by contract or (z) otherwise.

(vi) The unpaid Taxes of the Company Group (i) do not exceed the reserve for Taxes (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Corrected Balance Sheet and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company Group in filing their Tax Returns.

(vii) No Company Group Member is a party to any joint venture, partnership, or other arrangement treated as a partnership for federal income tax purposes.

(viii) (A) The Buyer shall prepare or cause to be prepared and file or cause to be filed in a timely manner all Tax Returns for each of the Company Group Members for all periods ending on or prior to the Closing Date which are filed after the Closing Date. The Buyer shall permit the Shareholders to review and comment on each such Tax Return described in the preceding sentence prior to filing thereof. The Shareholders shall reimburse the Buyer for Taxes of any of the Company Group Members with respect to such periods within 15 days after payment by the Buyer or any of the Company Group members of any such Taxes to the extent such Taxes are not reflected in the reserve for Taxes (rather than any reserve for deferred Taxes

established to reflect timing differences between book and Tax income) shown on the face of the Closing Balance Sheet. To the extent that any such reserve for Taxes is greater than the aggregate Taxes of the Company Group Members for such period, the Buyer shall reimburse the Representative (and the Representative shall then distribute such amount to the Shareholders in the Shareholder Ratio) such excess within 15 days after payment by the Buyer or any of the Company Group Members of any Taxes for such period.

(B) The Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of each of the Company Group Members for Tax periods which begin before the Closing Date and end after the Closing Date. The Shareholders shall pay to the Buyer within fifteen days following the date on which Taxes are paid with respect to any such period an amount equal to the portion of such Taxes which relates to the portion of such Tax period ending on the Closing Date, to the extent the Shareholder would be obligated to indemnify the Buyer therefor under Section 6.1 of this Agreement.

(C) Each of the Shareholders shall cooperate fully, as and to the extent reasonably requested by the Buyer, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the Buyer's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(o) Certain Agreements. Schedule 3.1(o) hereto lists each (A) employment or consulting Contract (B) Contract under which any party thereto remains obligated to provide goods or services having a value, or to make payments aggregating, in excess of \$2,500 in the aggregate, (C) other Contract that is material to the operation of any Company Group Member's business, (D) Contracts set forth on Schedule 3.1(j) (relating to leasehold interests), and (E) Contracts set forth on Schedule 3.1(s) (relating to agreements with Affiliates), in any such case to which any Company Group Member is a party or by which or to which any Company Group Member or the Assets is bound or subject. Each such Contract described in Schedule 3.1(o) or required to be so described is a valid and binding obligation of the Company Group Member that is a party to such Contract and is in full force and effect without amendment. Each Company Group Member and, to the knowledge of the Seller Parties, each other party to such Contracts, has performed in all material respects the obligations required to be performed by it under such Contracts to which it is a party and is not (with or without lapse of time or the giving of notice, or both) in breach or default thereunder. Except as disclosed in Schedule 3.1(o), no Company Group Member has received (i) any notice, written or otherwise, of defaults by any Company Group Member under any contract listed in Schedule 3.1(o), or (ii) any notice written or otherwise, that any other party to any such contract has terminated or canceled, or intends to terminate or cancel, such contract. Schedule 3.1(o) identifies, as to each such Contract listed thereon, (1) whether the consent of the other party thereto is required, (2) whether notice must be provided to any party thereto (and the length of such notice) and (3) whether any payments are required (and the amount of such payments), in each case in order for such Contract to continue in full force and effect upon the consummation of the Transactions or by the other Transaction Documents, and (4) whether such Contract can be canceled by the other party without liability to such other party due to the consummation of the Transactions or by the other Transaction Documents. A complete copy of each written Contract and a description of each oral Contract set forth in Schedule 3.1(o) has been provided to the Buyer prior to the date of this Agreement.

(p) ERISA.

(i) No Company Group Member is a party to any oral or written agreement, plan or arrangement with any employee (whether an employee, consultant or an independent contractor) of any Company Group Member (A) the benefits of which are contingent, or the terms of which are materially altered, upon, or result from, the occurrence of a transaction involving any Company Group Member of the nature of any of the Transactions, (B) providing severance benefits longer than forty-five days or other benefits after the termination of employment or other contractual relationship regardless of the reason for such termination and regardless of whether such termination is before or after a change of control, (C) under which any person may receive payments subject to the tax imposed by Section 4999 of the Code or (D) any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the Transactions or the value of any of the benefits of which will be calculated on the basis of any of the Transactions.

(ii) Schedule 3.1(p)(ii) provides a complete and accurate description of each of the following which is sponsored, maintained or contributed to by any Company Group Member for the benefit of the employees of any Company Group Member, or has been so sponsored, maintained or contributed to within six years prior to the Closing Date for the benefit of such individuals:

(A) each "employee benefit plan," as such term is defined in Section 3(3) of ERISA, (including employee benefit plans, such as foreign plans, which are not subject to the provisions of ERISA) ("Plan"); and

(B) each personnel policy, stock option plan, stock purchase plan, stock appreciation rights plan, phantom stock plan, collective bargaining agreement, bonus plan or arrangement, incentive award plan or arrangement, vacation policy, severance pay plan, policy or agreement, deferred compensation agreement or arrangement, executive compensation or supplemental income arrangement, consulting agreement, employment agreement and each other employee benefit plan, agreement, arrangement, program, practice or understanding which is not described in Section 3.1(p)(ii) ("Benefit Program or Agreement").

(iii) True, correct and complete copies of each of the Plans, related trusts, insurance or group annuity contracts and each other funding or financing arrangement relating to any Plan, including all amendments thereto, have been furnished to the Buyer. True, correct and complete copies or descriptions of all Benefit Programs and Agreements have also been furnished to the Buyer.

(iv) Except as otherwise set forth on Schedule 3.1(p)(iv),

(A) As to any Plan subject to Title IV of ERISA, there has been no event or condition which presents the risk of Plan termination, no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred, no reportable event within the meaning of Section 4043 of ERISA (for which the disclosure requirements of Regulation Section 4043.1 et seq., promulgated by the Pension Benefit Guaranty Corporation ("PBGC") have not been waived) has occurred, no notice of intent to terminate the Plan has been given under Section 4041 of ERISA, no proceeding has been instituted under Section 4042 of ERISA to terminate the Plan, no liability to the PBGC has been incurred, and the assets of the Plan equal or exceed the actuarial present value of the benefit liabilities, within the meaning of Section 4041 of ERISA, under

the Plan, based upon reasonable actuarial assumptions and the asset valuation principles established by the PBGC; and

(B) With respect to any employee benefit plan, within the meaning of Section 3(3) of ERISA, which is not listed in Schedule 3.1(p)(ii) but which is sponsored, maintained or contributed to, or has been sponsored, maintained or contributed to within six years prior to the Closing Date, by any corporation, trade, business or entity under common control with Company, within the meaning of Section 414(b), (c) or (m) of the Code or Section 4001 of ERISA ("Commonly Controlled Entity"), (4) no withdrawal liability, within the meaning of Section 4201 of ERISA, has been incurred, which withdrawal liability has not been satisfied, (5) no liability to the PBGC has been incurred by any Commonly Controlled Entity, which liability has not been satisfied, (6) no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred, and (7) all contributions (including installments) to such plan required by Section 302 of ERISA and Section 412 of the Code have been timely made.

(q) Employee Relations.

(i) No Company Group Member is a party to any collective bargaining agreement. No Company Group Member has agreed to recognize any union or other collective bargaining representative, nor has any union or other collective bargaining representative been certified as the exclusive bargaining representative of any of its employees. There is no question concerning representation as to any collective bargaining concerning employees of any Company Group Member, and no labor union or representative thereof claims to or is seeking to represent employees of any Company Group Member. To the knowledge of the Seller Parties no union organizational campaign or representation petition is currently pending with respect to any of the employees of any Company Group Member. There is no labor strike or labor dispute, slowdown, work stoppage or lockout pending or, to the knowledge of the Seller Parties, threatened against or affecting any Company Group Member, and no Company Group Member has experienced any labor strike or labor dispute, slowdown, work stoppage or lockout since March 28, 1998. Each Company Group Member (A) is, and has always been since March 28, 1998, in substantial compliance with all applicable laws and regulations regarding labor and employment practices (including the applicable laws and regulations of Mexico or any political subdivision or agency thereof), including terms and conditions of employment, equal employment opportunity, employee compensation, employee benefits, affirmative action, wages and hours, plant closing and mass layoff, occupational safety and health, immigration, workers' compensation, disability, unemployment compensation, whistleblower laws or other employment or labor relations laws, (B) is not engaged, nor has it since March 28, 1998, engaged, in any unfair labor practices, and has no, and has not had since March 28, 1998, any, unfair labor practice charges or complaints before the National Labor Relations Board, or a Mexican federal or state court, pending or, to the knowledge of the Seller Parties threatened against it, (C) has no, and has not had since March 28, 1998, any, grievances, arbitrations, or other proceedings arising or asserted to arise under any collective bargaining agreement, pending or, to the knowledge of the Seller Parties threatened, against it and (D) has no, and has not had since March 28, 1998, any, charges, complaints, or proceedings before the Equal Employment Opportunity Commission, Department of Labor or any other Governmental Entity responsible for regulating labor or employment practices, pending, or, to the knowledge of the Seller Parties, threatened against it;

(ii) Schedule 3.1(q)(ii) contains a true and complete list of all persons employed by any Company Group Member including the name of the Company Group Member who is the employer, the respective dates of hire of each, the amount of all accrued and unpaid sick and vacation time of each, a description of material compensation arrangements (including

employee benefit plans set forth in Schedule 3.1(p)(ii) and a list of other terms of any and all material agreements affecting such persons.

(r) Intellectual Property.

(i) Schedule 3.1(r)(i) sets forth a list of all of the Intellectual Property owned, registered or licensed and software owned, licensed or used by each Company Group Member, and specifies with respect to each such item whether it is owned, registered, licensed or used. Schedule 3.1(r)(i) also sets forth: (i) for each Patent, the number, normal expiration date and subject matter for each country in which such Patent has been issued, and for each Patent application, the application number, date of filing and subject matter for each country; (ii) for each Trademark, the application serial number or registration number, the classes of goods and services covered and the renewal date for each country in which a Trademark has been registered; (iii) for each registered copyright, the number and date of filing for each country in which a copyright has been filed; and (iv) all Patents owned, licensed or used by any Company Group Member. Except as set forth on Schedule 3.1(r)(i), there are no Patent applications of any Company Group Member pending. Schedule 3.1(r)(i) also includes all unregistered common law rights to any Trademarks that are owned, licensed or used by any Company Group Member. As of the Closing Date, all of the Intellectual Property listed on Schedule 3.1(r)(i) is valid, enforceable and subsisting, and in compliance with all formal legal requirements (including payment of filing, examination, and maintenance fees and proofs of working or use). Each Company Group Member has provided to the Buyer true and complete copies of all Patents and pending Patent applications, all Trademark registrations and pending Trademark applications, and all copyright registrations and pending copyright applications, owned, controlled, created or used by or on behalf of any Company Group Member. No Company Group Member has any documented Trade Secrets. The Intellectual Property constitutes all intellectual property that is owned by, registered to, licensed to or in which any Company Group Member has the right to use, for the operation of the businesses of any Company Group Member as has been conducted for the previous three years.

(ii) Each Company Group Member owns, or possesses adequate and enforceable licenses or other rights to use (including foreign rights), all Intellectual Property and software and, except as set forth on Schedule 3.1(r)(i), such licenses and rights will not be adversely affected by the Transaction. No Company Group Member is, or will be as a result of the Transaction, in default of any licenses, sublicenses or any other Contracts to which such Company Group Member is a party and pursuant to which it is authorized to use any Intellectual Property or software owned by a third party. Except as set forth on Schedule 3.1(r)(i), no Company Group Member has any obligation to compensate any Person for the use of any Intellectual Property or software, and except as set forth on Schedule 3.1(r)(i), no Company Group Member has granted to any Person any license, option or other rights to use in any manner any of its Intellectual Property or software, whether requiring the payment of royalties or not. Except as set forth on Schedule 3.1(r)(i), each Company Group Member owns all right, title and interest in and to all of its Intellectual Property and software, free and clear of any Liens.

(iii) No Company Group Member has received any notice of invalidity, interference or infringement of any rights of others with respect to any of the Intellectual Property or software, except with respect to patent applications for which Patents have not yet issued. To the knowledge of the Seller Parties, the use of any of the Intellectual Property or software by any Company Group Member or by any of its licensees, distributors or customers does not and will not conflict or interfere with, infringe upon or otherwise violate any existing rights of any third party, and no action has been instituted against or notices received by each Company Group

Member alleging that the use of any of the Intellectual Property or software infringes upon or otherwise violates any rights of a third party. No person has notified any Company Group Member that it is claiming any ownership of or right to use any of the Intellectual Property or software. To the knowledge of the Seller Parties, all of the Intellectual Property and software owned, registered, licensed or used by any Company Group Member has been reasonably protected by non-disclosure agreements. To the knowledge of the Seller Parties, no Person is interfering or infringing upon any of the Intellectual Property or software in any way. None of the Intellectual Property is involved in any interference, reissue, reexamination, opposition, invalidation or cancellation action, claim or proceeding and, to the knowledge of the Seller Parties, no such action, claim or proceeding has been threatened against any Company Group Member.

(iv) Except as set forth on Schedule 3.1(r)(i), no present or former employee of, or consultant to, any Company Group Member or any predecessor in interest of any Company Group Member, including any former employer of a present or former employee or consultant of any Company Group Member or any predecessor in interest of any Company Group Member, has any proprietary, commercial or other interest, direct or indirect, in any of the Intellectual Property or software.

(s) Affiliate Relationships. Except as set forth in Schedule 3.1(s), neither any of the Shareholders nor any director, officer, shareholder or employee of any Company Group Member owns or during the past three years has owned, directly or indirectly, or has, or within the past three years has had, an interest, either of record, beneficially or equitably, in any business, corporate or otherwise, which (a) has or had, or which is or was a party to, or in any asset or property which is or was the subject of, any material contract, agreement, business arrangement, relationship or course of dealing with any Company Group Member, or (b) conducts the same business as, or a similar business to, that conducted by any Company Group Member.

(t) No Dispositions. Since the Balance Sheet Date, there has not occurred any sale, lease, transfer, assignment, abandonment or other disposition of any of the assets of any Company Group Member other than any disposition of (i) obsolete property, (ii) property in connection with the acquisition of replacement property of equal value, or (iii) assets having, in the aggregate, a value of less than \$1,000 disposed of in the ordinary course of business and consistent with past practices.

(u) Absence of Certain Changes. Except as contemplated by this Agreement, and except as set forth on Schedule 3.1(u), the businesses of each Company Group Member has been conducted in the ordinary course since the Balance Sheet Date, and there has not been with respect to any Company Group Member any of the items specified below since the Balance Sheet Date:

(i) any change that has had or is reasonably likely to have a Material Adverse Effect;

(ii) any distribution or payment declared or made in respect of its capital stock by way of dividends, purchase or redemption of shares or otherwise;

(iii) any increase in the compensation payable or to become payable to any director, officer, employee or agent, except for increases for non-officer employees made in the ordinary course of business, nor any other change in any employment or consulting arrangement;

(iv) any sale, assignment or transfer of any assets, or any additions to or transactions involving any assets, other than those made in the ordinary course of business;

(v) other than in the ordinary course of business, any waiver or release of any claim or right or cancellation of any debt held;

(vi) any payments to any Affiliate of any Company Group Member, other than wages and reimbursements in accordance with past practices;

(vii) any change or amendments to its Articles of Incorporation or Bylaws;

(viii) any sale, issuance, or acquisition of equity securities or other securities or any grant of options, warrants, calls or commitments of any kind with respect thereto; or

(ix) any borrowings or incurrence of financial debt, or assumption of any additional liabilities.

(v) Customers and Suppliers. Each Company Group Member has used reasonable business efforts to maintain good working relationships with all of its customers and suppliers, and, except as set forth on Schedule 3.1(v), currently has a good working relationship with all of such customers and suppliers. Schedule 3.1(v) specifies for each year of the two years ending March 31, 1999 and 2000 the names of the respective customers that were, in the aggregate, the 20 largest customers in terms of dollar value of products or services, or both, sold by each Company Group Member. Except as specified on Schedule 3.1(v), none of such customers has given any Company Group Member notice terminating, canceling or threatening to terminate or cancel any Contract or relationship with any Company Group Member. Schedule 3.1(v) also specifies for each year of the two years ending March 31, 1999 and 2000 the names of the respective suppliers that were, in the aggregate, the 20 largest suppliers in terms of dollar value of products or services, or both, used by each Company Group Member. Except as specified on Schedule 3.1(v), none of such suppliers has given any Company Group Member notice terminating, canceling or threatening to terminate or cancel any Contract or relationship with any Company Group Member.

(w) Accounts Receivable. All accounts receivable as set forth on the Corrected Balance Sheet or arising since the Balance Sheet Date (1) have arisen only in the ordinary course of business consistent with past practice for goods sold and delivered or services performed and (2) are collectible in full at the recorded amounts thereof, net of reserves for doubtful accounts and net of reserves for sales returns and allowance deductions reflected, (free of any, and subject to no, defenses, setoffs or counterclaims) in the ordinary course of business (without resort to litigation or assignment to a collection agency).

(x) Deposit Accounts; Powers of Attorney. Schedule 3.1(x) sets forth a complete and accurate list of:

(i) the name of each financial institution in which any Company Group Member has any account or safe deposit box;

(ii) the names in which the accounts or boxes are held;

(iii) the type of account;

(iv) the name of each person authorized to draw thereon or have access thereto; and

(v) the name of each person, corporation, firm or other entity holding a general or special power of attorney from any Company Group Member and a description of the terms of such power.

(y) No Third Party Options; No Brokers or Finders. Except as specified on Schedule 3.1(y):

(i) There are no agreements, options, commitments or rights with, to or in any third person to purchase or otherwise acquire any of any Company Group Member's assets, properties or rights or any interest therein, except for those contracts entered into in the ordinary course of business consistent with past practice for the sale of any Company Group Member's products and services;

(ii) All negotiations by the Seller Parties relative to this Agreement have been carried on by the Seller Parties directly without the intervention of any person who may be entitled to any brokerage or finder's fee or other commission or compensation in respect hereof or the consummation of the Transactions.

(z) Disclosure. No representation or warranty by any Company Group Member contained in this Agreement or in any exhibit, schedule, written statement, certificate or other document delivered or to be delivered by any Company Group Member pursuant to this Agreement or in connection with the consummation of the Transactions contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading.

(aa) Inventory. Except as set forth on Schedule 3.1(aa), the Inventory included in the Assets consists of items of good, usable and merchantable quality in all material respects and none of such Inventory is damaged or obsolete, except as reserved for on the Corrected Balance Sheet. The value allocated to the Inventory, at the lower of average cost or market value, on the Corrected Balance Sheet is accurate and correct.

3.2 Representations and Warranties of the Buyer. The Buyer represents and warrants to the Shareholders as follows (with the understanding that the Shareholders are relying on such representations and warranties in entering into and performing this Agreement):

(a) Organization Standing and Power. The Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified and in good standing to do business in each state where it conducts its business. The Buyer is not in violation of any provisions of its Articles of Incorporation or Bylaws. .

(b) Authority. The Buyer has all requisite power and authority to enter into this Agreement and the other Transaction Documents to which it will be a party and to consummate the Transactions. The execution and delivery of such Transaction Documents by the Buyer and the consummation by the Buyer of the Transactions have been duly authorized by all necessary action on the part of the Buyer. The Transaction Documents to which the Buyer will be a party have been, or upon execution and delivery will be, duly executed and delivered and constitute, or upon execution and delivery will constitute, the valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their terms, subject as to enforceability to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies

generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) No Conflict; Required Filings and Consents. The execution and delivery of this Agreement and the other Transaction Documents to which the Buyer will be a party do not and the performance by the Buyer of the Transactions will not, subject to obtaining the consents, approvals, authorizations, and permits and making the filings described in this Section 3.2(c), (i) violate, conflict with, or result in any breach of any provisions of the Buyer's limited partnership agreement, (ii) violate, conflict with, or result in a violation or breach of, or constitute a default (with or without due notice or lapse of time or both) under, or permit the termination of, or result in the acceleration of, or entitle any party to accelerate (whether as a result of a change of control of the Buyer or otherwise) any obligation, or result in the loss of any benefit, or give any person the right to require any security to be repurchased, or give rise to the creation of any Lien upon any of the Assets under any of the terms, conditions, or provisions of any loan or credit agreement, note, bond, mortgage, indenture, or deed of trust, or any license, lease, agreement, or other instrument or obligation to which the Buyer is a party or by which or to which it or any of the Assets may be bound or subject, or (iii) violate any order, writ, judgment, injunction, decree, statute, law, rule or regulation, of any Governmental Entity applicable to the Buyer or by which or to which any of the Assets is bound or subject. No Consent of any Governmental Entity is required by or with respect to the Buyer in connection with the execution and delivery of any Transaction Documents by the Buyer or the consummation by it of the Transactions.

(d) Litigation. As of the date hereof, there is no claim, action, suit, inquiry, judicial or administrative proceeding, grievance, or arbitration pending or, to the knowledge of the Buyer, threatened against the Buyer relating to the Transaction.

(e) Investment. Buyer is acquiring the Target Shares for investment and it has no intention of selling such securities in a public distribution in violation of the federal securities laws or any applicable state securities laws. Buyer is an accredited investor, as defined in the rules of the Securities Act of 1933.

(f) Independent Investigation. Buyer acknowledges that it is a sophisticated investor and is knowledgeable about businesses such as the business conducted by the Company Group Members. Buyer also acknowledges that it has been allowed to conduct its own due diligence investigation of the Company Group Members and has made such inquiries and conducted such investigations as it deemed appropriate in connection with its determination to enter into the Transaction. Buyer thus acknowledges that it is entering into this Transaction and purchasing the Target Shares based upon its own independent investigation of the Company Group Members and it is not relying, and has not relied, on any representations and warranties of the Seller Parties other than as specifically set forth in this Agreement. Nothing in this Section 3.2(f) shall limit the Buyer's right to indemnification pursuant to Article 6.

ARTICLE 4

MUTUAL COVENANTS

4.1 Other Governmental Consents. Promptly following the execution of this Agreement, the parties shall proceed to prepare and file with the appropriate Governmental Entities such requests, reports, or notifications as may be required in connection with this Agreement and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such matters.

4.2 UAT Cancun. From and after the date hereof, Marwan Nesicolaci (a) shall take any action, which in Buyer's sole discretion, is necessary or desirable to transfer the shares of UAT Cancun

owned by him (the "Cancun Shares") to the Company or, in the alternative, a designee of Buyer, (b) will only vote, transfer or take any other action attendant to the ownership of the Cancun Shares in accordance with the express written instructions of Buyer and (c) will not grant any right or interest (direct or indirect, absolute or contingent) in or to the Cancun Shares.

4.3 **Tax Returns.** From and after the date hereof, the Shareholders shall take all actions necessary in order to cause all Tax Returns of the Company for the fiscal year ended March 31, 2000 to be filed on or prior to December 15, 2000.

4.4 **Additional Agreements.** If at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement, the parties to this Agreement and their duly authorized representatives shall take all such action.

4.5 **Liens.** From and after the date hereof, the Shareholders shall take all actions necessary in order to cause the termination of all of the financing statements listed on Schedule 3.1(f) as soon as reasonably practicable following the Closing Date, but in no case later than the first anniversary thereof. The Shareholders shall bear the cost of obtaining such terminations.

4.6 **Operations of the Company.** Buyer shall conduct the business in a commercially reasonable manner during the Measurement Period.

ARTICLE 5

CLOSING

5.1 **Location and Date.** The consummation of the purchase and sale of the Target Shares and the other Transactions (the "Closing") shall take place either by the exchange of facsimile signature pages and other required documentation or at the offices of Morgan, Lewis and Bockius LLP, 300 South Grand Avenue, Twenty-Second Floor, Los Angeles, California, or at such other place as the parties hereto may mutually agree, on the date hereof. The date of the Closing is sometimes herein referred to as the "Closing Date." The Closing shall be effective for all purposes as of 11:59 p.m. (local time) on the Closing Date.

5.2 **Deliveries.** At the Closing:

(a) the Seller Parties are delivering to the Buyer the following:

(i) an opinion dated the Closing Date of Crosby, Heafey, Roach & May, counsel for the Company Group Members and the Shareholders, in substantially the form of Exhibit C;

(ii) a certificate of the Secretary of the Company and UAT Cancun, in form and substance satisfactory to the Buyer and its counsel, regarding each such company's articles of incorporation, bylaws, good standing, all board resolutions relating to the Transactions and the incumbency of such company's officers;

(iii) letters of resignation in the name of and executed by each (A) member of each of the Company Group Members' Board of Directors resigning his/her position as a director of such company effective as of the Closing Date and (B) officer of each Company Group Member resigning his/her position as an officer of such company effective as of the Closing Date;

(iv) Estoppel certificates from the lessor(s) of the Leased Real Property in a form and substance satisfactory to the Buyer;

(v) Pay-off letters providing the outstanding amounts due as of the Closing Date under each of the Company's debt obligations set forth on Schedule 5.2(a);

(vi) bank account signature cards for each account of each Company Group Member;

(vii) all corporate, minute and stock records of the Company and the UAT Cancun;

(viii) certificates representing the Target Shares, duly endorsed (or accompanied by duly executed stock powers in blank) free and clear of any Liens;

(ix) executed spousal consents for each Shareholder who is legally married and a resident of California;

(x) executed Employment Agreements between the Buyer and Marwan Nesicolaci and the Buyer and Diwan Nesicolaci, and an executed Consulting Agreement between the Buyer and John Budesky;

(xi) Non-Competition and Non-Solicitation Agreements executed between the Buyer and Marwan Nesicolaci, Diwan Nesicolaci, and John Budesky; and

(b) The Buyer is delivering to the Seller Parties the following:

(i) to each Shareholder, his or her portion of the Closing Payment (as set forth on Schedule 2.1), by a wire transfer of immediately available funds to such bank and account or banks and accounts as the Shareholders have designated to the Buyer;

(ii) an opinion dated the Closing Date of Morgan, Lewis & Bockius LLP, counsel for the Buyer, in substantially the form of Exhibit E;

(iii) a certificate of the Secretary of the Buyer, in form and substance satisfactory to the Shareholders and their counsel, regarding the Buyer's certificate of incorporation, bylaws, good standing, all board resolutions relating to the Transactions and the incumbency of the Buyer's officers;

(iv) executed Employment Agreements between the Buyer and Marwan Nesicolaci and the Buyer and Diwan Nesicolaci, and an executed Consulting Agreement between the Buyer and John Budesky;

(v) Non-Competition and Non-Solicitation Agreements executed between the Buyer and Marwan Nesicolaci, Diwan Nesicolaci, and John Budesky; and

(vi) a guaranty of the Guarantor to the Shareholders substantially in the form of Exhibit G.

(c) The Buyer is paying all debts of the Company Group Members as of the Closing Date, which amount is equal to \$_____.

(d) If required pursuant to Section 2.2, the Buyer, the Shareholders and the Escrow Agent shall enter into the Escrow Agreement and the Buyer will deposit with the Escrow Agent the Escrow Amount by wire transfer of immediately available funds to the account designated by the Escrow Agent.

ARTICLE 6

INDEMNIFICATION

6.1 General Indemnification by the Shareholders.

(a) The Shareholders, jointly and severally, shall indemnify, defend, protect and hold harmless the Buyer Indemnified Parties from, against and in respect of any Buyer Indemnified Costs. Any qualifications and exceptions relating to knowledge, materiality or Material Adverse Effect with respect to any representations or warranties shall be disregarded for the purposes of determining whether a Buyer Indemnified Party shall be entitled to indemnification hereunder with respect to such representations and warranties.

(b) Except as otherwise provided in this Section 6.1(b) and Section 6.5, the Shareholders shall not have any liability under Section 6.1(a) for any Buyer Indemnified Costs unless and until the amount of the aggregate indemnification obligations for any Buyer Representation Costs exceeds \$75,000 (the "Deductible"), whereupon the Shareholders shall indemnify, defend, protect and hold harmless the Buyer Indemnified Parties for the amount of all Buyer Indemnified Costs, but only to the extent that the amount of Buyer Indemnified Costs exceeds the Deductible. Except as otherwise provided in this Section 6.1(b) and Section 6.5, the aggregate amount of the Shareholders' liability (i) for any Buyer Indemnified Costs (other than for Damages relating to the Pending Claims) shall not exceed the amount of the funds comprising the Deferred Consideration and the amount of any Earn-Out Payment pursuant to Section 2.4 (the "Cap"), (ii) for Damages relating to the Pending Claims, if a claim (including a contingent claim) is asserted for such Damages prior to or on the first anniversary date hereof, shall not exceed the aggregate amount of the funds comprising the Escrow Amount, the Deferred Consideration and the amount of any Earn-Out Payment pursuant to Section 2.4 and (iii) for Damages relating to the Pending Claims, if a claim is asserted for such Damages after the first anniversary date hereof, shall not exceed the Escrow Amount. Notwithstanding the foregoing, neither the Cap nor the Deductible shall apply to any breach of Sections 3.1(a), 3.1(b), 3.1(c), the first sentence of Section 3.1(r)(ii), 3.1(y), 4.2, 4.3, 4.5 or any claims for indemnification related to section (c) of the definition of Buyer Indemnified Costs.

6.2 General Indemnification by the Buyer. The Buyer shall indemnify, defend, protect and hold harmless the Shareholders (the "Shareholder Indemnified Parties") from, against and in respect of:

(a) all liabilities incurred or paid by the Shareholder Indemnified Parties in connection with, resulting from or arising out of, directly or indirectly:

(i) any breach of any representation or warranty of the Buyer set forth in this Agreement or any certificate or other writing delivered by the Buyer in connection herewith or;

(ii) any nonfulfillment of any covenant or agreement on the part of the Buyer set forth in this Agreement; and

(b) any and all actions, suits, claims, proceedings, investigations, allegations, demands, assessments, audits, fines, judgments, costs and other expenses (including reasonable attorneys' fees and expenses) incident to any of the foregoing or to the enforcement of this Section 6.2;

provided, that, except as otherwise provided in Section 6.5, (A) the Buyer shall not have any liability under Section 6.2 unless and until the amount of the aggregate indemnification obligations under such Section 6.2 exceeds the Deductible, whereupon the Buyer shall indemnify, defend, protect and hold harmless the Shareholder Indemnified Parties for the amount of all Damages under this Section 6.2, but only to the extent that the amount of such Damages exceeds the Deductible, and (B) the aggregate amount of the Buyer's liability under this Section 6.2 shall not exceed the Cap.

6.3 **Survival.** Regardless of any investigation at any time made by or on behalf of any party hereto or of any information any party may have in respect thereof, and except as otherwise provided in Section 6.5, the representations and warranties given or made in Article 3 of this Agreement or in any certificate or other writing furnished in connection herewith shall survive the Closing for a period of 12 months after the Closing Date and shall thereafter terminate and be of no further force or effect, except that (a) all representations and warranties set forth in Sections 3.1(n), 3.1(p) and 3.1(q) shall survive the Closing for the period of the applicable statutes of limitation plus any extensions or waivers thereof, or, to the extent no statute of limitations applies, without limitation, (b) all representations and warranties set forth in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(y) and all claims for fraud pursuant to Section 7.16 shall survive the Closing without limitation and (c) any representation or warranty as to which a claim (including a contingent claim) shall have been asserted during the survival period shall continue in effect with respect to such claim until such claim shall have been finally resolved or settled. Upon termination of a representation or warranty as set forth above, no Indemnified Party shall have any further indemnification rights with respect to the breach of such representation or warranty, provided, however, that such termination shall not affect any claim for indemnification for the breach of such representation or warranty made prior to the date of termination. Each of the covenants and agreements contained in each of the Transaction Documents shall survive the Closing indefinitely.

6.4 **Indemnification Procedures.** All claims or demands for indemnification under Section 6.1 and 6.2 shall be asserted and resolved as follows:

(a) In the event that any claim or demand for which a party (the "Indemnitor") would be liable to a Buyer Indemnified Party or a Shareholder Indemnified Party (the "Indemnified Party") hereunder is asserted against an Indemnified Party by a third party, the Indemnified Party shall notify the Indemnitor of such claim or demand (the "Claim Notice"), specifying the nature of such claim (including the parties known to be invoked) or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim or demand). If the matter to which a claim relates shall not have been resolved as of the date of the Claim Notice, the Indemnified Party shall estimate the amount of the claim in the Claim Notice, but also specify therein that the claim has not yet been liquidated (an "Unliquidated Claim"). If an Indemnified Party gives a Claim Notice for an Unliquidated Claim, the Indemnified Party shall also give a second Claim Notice (the "Liquidated Claim Notice") within 60 days after the matter giving rise to the claim becomes finally resolved, and the Liquidated Claim Notice shall specify the amount of the claim. Each Indemnitor to which a Claim Notice is given shall respond to any Indemnified Party that has given a Claim Notice (a "Claim Response") within 30 days (the "Response Period") after the later of (i) the date that the Claim Notice is given or (ii) if a Claim Notice is first given with respect to an Unliquidated Claim, the date on which the Liquidated Claim Notice is given. Any Claim Response shall specify whether or not the Indemnitor giving the Claim Response disputes the claim described in the Claim Notice. If any Indemnitor fails to give a Claim Response within the Response Period, such Indemnitor shall be deemed not to dispute the claim described in the related Claim Notice. If any Indemnitor elects not to dispute a

claim described in a Claim Notice, whether by failing to give a timely Claim Response in accordance with the terms hereof or otherwise, then the amount of such claim shall be conclusively deemed to be an obligation of such Indemnitor.

(b) If, during the Response Period, an Indemnified Party receives a Claim Response from the Indemnitor, then for a period of 45 days (the "Resolution Period") after the Indemnified Party's receipt of such Claim Response, the Indemnified Party and the Indemnitor shall endeavor to resolve any dispute arising therefrom. If such dispute is resolved by the parties during the Resolution Period, the amount that the parties have specified as the amount to be paid by the Indemnitor, if any, as settlement for such dispute shall be conclusively deemed to be an obligation of such Indemnitor. If the parties are unable agree upon a resolution to such dispute prior to the expiration of the Resolution Period (or any extension thereto to which the Indemnitor and Indemnified Party agree in writing), the issue shall be presented to the American Arbitration Association in Los Angeles, California (the "AAA") for determination. The written determination of the AAA shall be binding upon the Parties.

(c) (i) If any Indemnitor shall be obligated to indemnify a Buyer Indemnified Party pursuant to this Article 6 for Damages relating to the Pending Claims, such Buyer Indemnified Party shall first seek payment of such Damages to which it is entitled under this Article 6 out of the Escrow Amount, but only to the extent that the Escrow Amount is then being held by the Escrow Agent and is not subject to other claims for indemnification. Thereafter, if the portion of the Escrow Amount available for payment of Damages is less than the amount of Damages to which such Buyer Indemnified Party is entitled, such Indemnified Party shall satisfy such claim for indemnification by reducing the amount of the Deferred Consideration, but only to the extent that the Deferred Consideration has not been disbursed to the Shareholders pursuant to Section 2.5 and is not subject to other claims for indemnification. Thereafter, if the amount of the Deferred Consideration available for payment of Damages is less than the amount of Damages to which such Buyer Indemnified Party is entitled, such Indemnified Party shall satisfy such claim for indemnification by setting-off such amount of Damages against the Earn-Out Payment that may be made pursuant to Section 2.4, but only to the extent that the Earn-Out Payment has not been made to the Shareholders and is not subject to other claims for indemnification. Finally, to the extent that the amount of set-off available against the Earn-Out Payment is less than the amount of Damages to which such Buyer Indemnified Party is entitled, such Buyer Indemnified Party shall seek indemnification directly against the Indemnitor for such Damages. Notwithstanding the foregoing, if a claim for Damages relating to the Pending Claims is asserted following the first anniversary date hereof, the Buyer's sole recourse for the payment of such Damages shall be the Escrow Amount.

(ii) If any Indemnitor shall be obligated to indemnify a Buyer Indemnified Party pursuant to this Article 6 for Damages other than Damages relating to the Pending Claims or a breach of the covenants contained in Sections 4.2, 4.3 and 4.5, such Buyer Indemnified Party shall first seek payment of such Damages to which it is entitled under this Article 6 from the Deferred Consideration, but only to the extent the Deferred Consideration has not been disbursed to the Shareholders pursuant to Section 2.5 and is not subject to other claims for indemnification. Thereafter, if the amount of the Deferred Consideration available for payment of Damages is less than the amount of Damages to which such Buyer Indemnified Party is entitled, such Indemnified Party shall satisfy such claim for indemnification by setting-off such amount of Damages against the Earn-Out Payment that may be made pursuant to Section 2.4, but only to the extent that the Earn-Out Payment has not been made to the Shareholders and is not subject to other claims for indemnification. Finally, to the extent that the amount of set-off available against the Earn-Out Payment is less than the amount of Damages to which such Buyer Indemnified Party is entitled, such Buyer Indemnified Party shall seek indemnification directly against the Indemnitor for such

Damages. Notwithstanding the foregoing, in the event of a breach of Section 4.2, 4.3 and 4.5, the Buyer may seek payment directly against any Indemnitor for any Damages related to such breach at any time.

(iii) If any Indemnitor shall be obligated to indemnify a Shareholder Indemnified Party pursuant to this Article 6, such Indemnitor shall pay to such Shareholder Indemnified Party the amount to which such Seller Indemnified Party shall be entitled within 25 Business Days after the day in which such Indemnitor became so obligated to the Shareholder Indemnified Party.

(d) If, pursuant to Section 6.4(c), a Buyer Indemnified Party is obligated to seek any portion of the funds to which such Buyer Indemnified Party is entitled from the Escrow Amount, then, within two Business Days from the date on which such Buyer Indemnified Party became entitled to such funds, the Buyer Indemnified Party and the Indemnitor shall provide joint written instructions to the Escrow Agent as to (i) the amount of funds, if any, to be disbursed from the Escrow Amount and (ii) instructions as to the manner in which such funds shall be disbursed by the Escrow Agent.

6.5 Exceptions to Limitations. Nothing herein shall be deemed to limit or restrict in any manner any rights or remedies that any party has, or might have, at law, in equity or otherwise, against any other party hereto, based on any willful misrepresentation, willful breach of warranty or willful failure to fulfill any agreement or covenant.

6.6 Release of Recourse Funds. If at the time that a scheduled disbursement of any of the Recourse Funds is to be made pursuant to this Agreement there are Unliquidated Claims outstanding, such disbursement shall not be made until such time as such Unliquidated Claims are finally resolved and payment is to be made pursuant to Section 6.4(a) (a "Liquidated Payment"). If on the date that a scheduled disbursement of Recourse Funds is to be made there are claims for Damages outstanding pursuant to Section 6.4(c), then such disbursement of Recourse Funds shall be made in an amount in which such scheduled disbursement of Recourse Funds exceeds the amount of such Damages outstanding. If on such date the amount of claims for Damages outstanding pursuant to Section 6.4(c) is greater than the amount of the scheduled disbursement of Recourse Funds to be made, then no such disbursement shall be made. The amount of any scheduled disbursement of Recourse Funds not made to the Shareholders pursuant to the previous two sentences shall be so withheld as payment in full for any such outstanding claims for Damages, and the Buyer Indemnified Party shall have no further claim with respect to such Damages against the Indemnitor.

6.7 Third Party Claims. An Indemnified Party that desires to seek indemnification under any part of this Article 6 with respect to any actions, suits or other administrative or judicial proceedings (each, an "Action") that may be instituted by a third party shall give each Indemnitor prompt notice of a third party's institution of such Action. After such notice, any Indemnitor may, or if so requested by such Indemnified Party, any Indemnitor shall, participate in such Action or assume the defense thereof, with counsel satisfactory to such Indemnified Party; provided, however, that such Indemnified Party shall have the right to participate at its own expense in the defense of such Action; and provided, further, that the Indemnified Party shall only consent to the entry of any judgment or enter into any settlement pursuant to which the sole award is monetary damages, except with the written consent of the Indemnitor (which consent shall not be unreasonably withheld, taking into consideration factors including the impact of such judgment or settlement on the goodwill or reputation of the Company Group Members and the Buyer and any of its Affiliates). Any failure to give prompt notice under this Section 6.7 shall not bar an Indemnified Party's right to claim indemnification under this Article 6, except to the extent that an Indemnitor shall have been harmed by such failure.

6.8 **Effect of Investigation or Knowledge.** Any claim by any party for indemnification shall not be adversely affected by any investigation by or opportunity to investigate afforded to any other party, nor shall such claim be adversely affected by such party's knowledge on or before the Closing Date.

6.9 **Contingent Claims.** Nothing herein shall be deemed to prevent an Indemnified Party from making a claim hereunder for potential or contingent claims or demands (a "Contingent Claim") provided the Claim Notice sets forth the specific basis for any such Contingent Claim to the extent then feasible and the Indemnified Party has reasonable grounds to believe that such a claim may be made.

ARTICLE 7

GENERAL PROVISIONS

7.1 [RESERVED]

7.2 **Further Assurances.** After the Closing Date, the Shareholders shall execute and deliver such other certificates, agreements, conveyances, and other documents, and take such other action, as may be reasonably requested by Buyer in order to complete the Transaction.

7.3 **Amendment and Modification.** This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto that makes express reference to this Section 7.3.

7.4 **Waiver of Compliance.** Any failure of the Buyer on the one hand, or any Seller Party, on the other hand, to comply with any obligation, covenant, agreement, or condition contained herein may be waived only if set forth in an instrument in writing signed by the party or parties to be bound thereby, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any other failure.

7.5 **Specific Performance.** The parties recognize that in the event any Seller Party should refuse to perform under the provisions of this Agreement (including Sections 4.2, 4.3 and 4.5), monetary damages alone will not be adequate. Buyer shall therefore be entitled, in addition to any other remedies which may be available, including money damages, to obtain specific performance of the terms of this Agreement. In the event of any action to enforce this Agreement specifically, the Seller Parties hereby waive the defense that there is an adequate remedy at law.

7.6 **Severability.** If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of applicable law, or public policy, all other provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Transactions are consummated as originally contemplated to the fullest extent possible.

7.7 **Expenses and Obligations.** Except as otherwise expressly provided in this Agreement or as provided by law, all costs and expenses incurred by the parties hereto in connection with the consummation of the Transactions shall be borne solely and entirely by the party which has incurred such expenses. Notwithstanding the foregoing all sales taxes arising out of the Transactions shall be paid by the Shareholders. In the event of a dispute between the parties in connection with this Agreement and the Transactions, each of the parties hereto hereby agrees that the prevailing party shall be entitled to reimbursement by the other party of reasonable legal fees and expenses incurred in connection with any action or proceeding.

7.8 **Parties in Interest.** This Agreement shall be binding upon and, except as provided below, inure solely to the benefit of each party hereto and their successors and assigns, and nothing in this Agreement, except as set forth below, express or implied, is intended to confer upon any other person (other than the Indemnified Parties as provided in Article 6) any rights or remedies of any nature whatsoever under or by reason of this Agreement.

7.9 **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to the Buyer, to

Severn Trent Services, Inc.
The Founders Building, Suite 300
580 Virginia Drive
Ft. Washington, Pennsylvania 19034-2707
Attn: Hu Fleming
Facsimile: (215) 283-3482

with a copy to

Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, Pennsylvania 19103
Attn: Thomas J. Sharbaugh, Esquire
Facsimile: (215) 963-5299

and a copy to

Elias Group
411 Theodore Fremd Avenue
Rye, New York 10580
Attn: Dan Elias, Esquire
Facsimile: (914) 925-9344

(b) If to Company, or any Shareholder or the Representative to

Universal Aqua Technologies, Inc.
2660 Columbia Street
Torrance, California 90503
Attn: Marwan Nesicolaci
Facsimile: (310) 618-1204

with a copy to

Crosby, Heafey, Roach & May
700 South Flower Street, 22nd Floor
Los Angeles, California 90017
Attn: Richard W. Lasater II
Facsimile: (213) 896-8080

All notices, requests or instructions given in accordance herewith shall be deemed given (i) on the date of delivery, if hand delivered, (ii) on the date of receipt, if telecopied, (iii) three business days after the date of mailing, if mailed by registered or certified mail, return receipt requested, and (iv) one business day after the date of sending, if sent by Federal Express or other recognized overnight courier.

7.10 **Counterparts.** This Agreement may be executed and delivered (including by facsimile transmission) in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Each such copy shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.11 **Entire Agreement.** This Agreement (which term shall be deemed to include the exhibits and schedules hereto and the other certificates, documents and instruments delivered hereunder) constitutes the entire agreement of the parties hereto and supersedes all prior agreements, letters of intent and understandings, both written and oral, among the parties with respect to the subject matter hereof. There are no representations or warranties, agreements, or covenants other than those expressly set forth in this Agreement.

7.12 **Governing Law; Choice of Forum.** This Agreement shall be construed in accordance with and governed by the internal law of the State of California (without reference to its rules as to conflicts of law). The parties hereby irrevocably submit to the jurisdiction of any state or federal court in California with respect to any action or proceeding arising out of or relating to this Agreement. In this regard, the Buyer shall have the exclusive right to select among the available state and federal courts in California. The parties hereby irrevocably agree that all claims in respect of such action or proceeding shall be heard and determined in such state or federal court selected by the Buyer. The Shareholders hereby irrevocably waives any right that the Shareholders otherwise might have (i) to remove such action or proceeding (or any claims within such action or proceeding) to a federal court in the event that the Buyer selects a state court forum or (ii) to transfer such action or proceeding (or any claims within such action or proceeding) to any court other than the court selected by the Buyer. The parties hereby consent to and grant to any such court jurisdiction over the persons of such parties and over the subject matter of any such dispute and agree that delivery or mailing of any process or other papers in the manner provided herein, or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

7.13 **Public Announcements.** Except for statements made or press releases issued (i) pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, (ii) pursuant to any listing agreement with any national securities exchange or the National Association of Securities Dealers, Inc., or (iii) as otherwise required by law, the Seller Parties and the Buyer shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the Transactions.

7.14 **Assignment.** Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any of the parties hereto, whether by operation of law or otherwise; provided, however, that (a) upon notice to the Shareholders and without releasing the Buyer from any of its obligations or liabilities hereunder, the Buyer may assign or delegate any or all of its rights or obligations under this Agreement to any Affiliate of Buyer, and (b) nothing in this Agreement shall limit the Buyer's ability to make a collateral assignment of its rights under this Agreement to any institutional lender that provides funds to the Buyer or the Buyer's designee without the consent of the Shareholders. The Shareholders shall execute an acknowledgment of such assignment(s) and collateral assignments in

such forms as the Buyer or its institutional lenders may from time to time reasonably request; provided, however, that unless written notice is given to the Shareholders that any such collateral assignment has been foreclosed upon, the Shareholders shall be entitled to deal exclusively with the Buyer as to any matters arising under this Agreement or any of the other agreements delivered pursuant hereto. In the event of such an assignment, the provisions of this Agreement shall inure to the benefit of and be binding on the Buyer's assigns.

7.15 **Director and Officer Liability.** The directors, officers, and stockholders of the Buyer and its Affiliates shall not have any personal liability arising under this Agreement (including any claims that Company may assert) other than as an assignee of this Agreement.

7.16 **No Waiver Relating to Claims for Fraud.** The liability of any party under Article 6 shall be in addition to, and not exclusive of any other liability that such party may have at law or equity based on such party's fraudulent acts or omissions. None of the provisions set forth in this Agreement, including the provisions set forth in Section 6.1(b) (relating to the Cap), or 6.5 (relating to limitations on the period of time during which a claim for indemnification may be brought), shall be deemed a waiver by any party to this Agreement of any right or remedy which such party may have at law or equity based on any other party's fraudulent acts or omissions, nor shall any such provisions limit, or be deemed to limit, (i) the amounts of recovery sought or awarded in any such claim for fraud, (ii) the time period during which a claim for fraud may be brought, or (iii) the recourse which any such party may seek against another party with respect to a claim for fraud; provided, that with respect to such rights and remedies at law or equity, the parties further acknowledge and agree that none of the provisions of this Section 7.16, nor any reference to this Section 7.16 throughout this Agreement, shall be deemed a waiver of any defenses which may be available in respect of actions or claims for fraud, including defenses of statutes of limitations or limitations of damages.

7.17 **Representative.** Each Shareholder hereby appoints Marwan Nesicolaci as its, his or her exclusive agent and attorney-in-fact to act on its, his or her behalf with respect to any and all matters, claims, controversies, or disputes arising out of the terms of this Agreement (the "Representative"). Each Shareholder further agrees that the Representative shall have the power to take any and all actions which the Representative believes are necessary or appropriate or in the best interests of the Shareholders, as fully as if each such Shareholder was acting on its, his or her own behalf, including (a) representing the Shareholders at the Closing and executing and delivering all Closing documents to be executed and delivered by the Shareholders and taking any and all other actions or executing such other agreements or documents in connection with the Closing as the Representative deems in his sole discretion to be reasonable and necessary, (b) amending, modifying or waiving any of the provisions of this Agreement or any other agreements or documents to be executed and delivered in accordance herewith, (c) receiving all Claim Notices and all other notices and communications directed to him or the Shareholders under this Agreement and to take any action or no action in connection therewith as he may deem appropriate and (d) to take any action (or to determine to take no action) with respect to the Transactions, whether before or after the Closing, as he may deem appropriate as effectively as the Shareholders could act themselves, including the settlement or compromise of any dispute or controversy. The authority granted hereunder is deemed to be coupled with an interest. The death or incapacity of any Shareholder shall not terminate the authority and agency of the Representative. The Buyer shall have the right to rely on any actions taken or omitted to be taken by the Representative as being the act or omission of the Shareholders, without the need for any inquiry, and any such actions or omissions shall be binding upon all of the Shareholders. The Shareholders agree to hold the Representative free and harmless from and indemnify the Representative against any and all loss, damage or liability which he may sustain as a result of any action taken in good faith hereunder, including any legal fees and expenses.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

CAPITAL CONTROLS CO., INC.

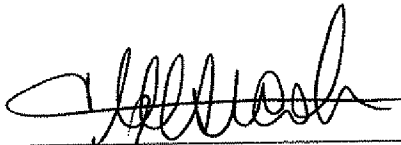
By: Leonard F. Gagliano
Name: LEONARD F. GAGLIANO
Title: Sr. V.P.

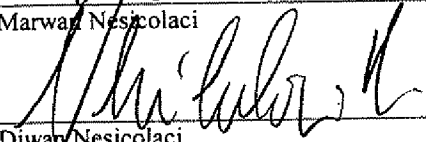
IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

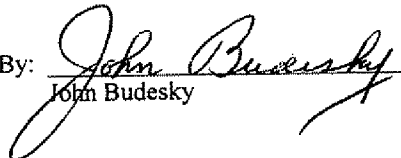
CAPITAL CONTROLS CO., INC.

By: _____
Name:
Title:

SHAREHOLDERS

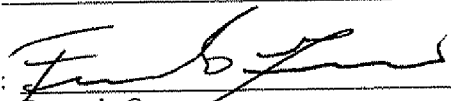
By: 
Marwan Nesicolaci

By: 
Diwan Nesicolaci

By: 
John Budesky

Orphanage Fund, Inc.

By: _____
Its: _____

By: 
Fernando Guerrero

By: _____
Karim Nesicolaci

By: _____
Hisham Ramzi

By: _____
Edna P. Rentler, Trustee

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

CAPITAL CONTROLS CO., INC.

By: _____
Name:
Title:

SHAREHOLDERS

By: _____
Marwan Nesicolaci

By: _____
Diwan Nesicolaci

By: _____
John Budesky

Orphanage Fund, Inc.

By: Scott E. Montgomery
Name: SCOTT E. MONTGOMERY
Title: SECRETARY

By: _____
Fernando Guerrero

By: _____
Karim Nesicolaci

By: _____
Hisham Ramzi

By: _____
Edna P. Rentler, Trustee

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

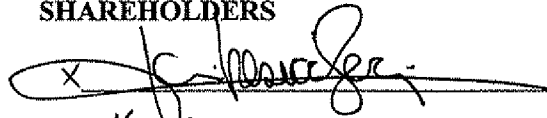
UNIVERSAL AQUA TECHNOLOGIES, INC.

By: _____
Name:
Title:

CAPITAL CONTROLS CO., INC.

By: _____
Name:
Title:

SHAREHOLDERS

X  _____
KARLA NESICOWACTI

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

CAPITAL CONTROLS CO., INC.

By: _____
Name:
Title:

SHAREHOLDERS

By: _____
Marwan Nesicolaci

By: _____
Diwan Nesicolaci

By: _____
John Budesky

Orphanage Fund, Inc.

By: _____
Name:
Title:

By: _____
Fernando Guerrero

By: _____
Karim Nesicolaci

By: Hisham Ramzi T. Ramzi
Hisham Ramzi

By: _____
Edna P. Rentler, Trustee

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first written above.

CAPITAL CONTROLS CO., INC.

By: _____
Name:
Title:

SHAREHOLDERS

By: _____
Marwan Nesicolaci

By: _____
Diwan Nesicolaci

By: _____
John Budesky

Orphanage Fund, Inc.

By: _____
Name:
Title:

By: _____
Fernando Guerrero

By: _____
Karim Nesicolaci

By: _____
Hisham Ramzi

By: Edna P. Rentler / Joseph Antonucci
Edna P. Rentler, Trustee / CO-TRUSTEES
JOSEPH ANTONUCCI FAMILY TRUST
dated December 1, 1992

By: Robert M. Alexander
Robert Alexander, Trustee ^{for}
ALEXANDER LIVING TRUST dtd 9/27/90

By: _____
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

By: _____
Betty Anne Bucksbaum, Trustee

By: _____
Robert Gain

By: _____
Martin Simon, Custodian

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

By: Kathleen Alexander Fuller
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

By: _____
Betty Anne Bucksbaum, Trustee

By: _____
Robert Gain

By: _____
Martin Simon, Custodian

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

By: _____
Kathleen Alexander Puller

By: 
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

By: _____
Betty Anne Bucksbaum, Trustee

By: _____
Robert Gain

By: _____
Martin Simon, Custodian

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

By: _____
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: Sal Bucksbaum TTEE
Sol Bucksbaum, Trustee for the Bucksbaum
Living Trust dated August 27, 1996

By: Betty Anne Bucksbaum TTEE
Betty Anne Bucksbaum, Trustee for the Bucksbaum
Living Trust dated August 27, 1996

By: _____
Robert Gain

By: _____
Martin Simon, Custodian

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

By: _____
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

By: _____
Betty Anne Bucksbaum, Trustee

By: 
Robert Gain

By: _____
Martin Simon, Custodian

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

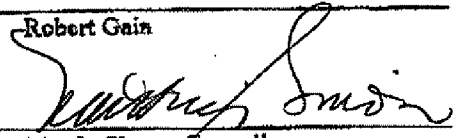
By: _____
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

By: _____
Betty Anne Bucksbaum, Trustee

By: _____
Robert Gain

By: _____

Martin Simon, Custodian

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

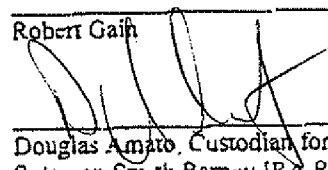
By: _____
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

By: _____
Berty Anne Bucksbaum, Trustee

By: _____
Robert Galt

By: _____

Douglas Amato, Custodian for the Martin S. Simon
Solomon Smith Barney IRA Rollover Account

By: _____
David Tye

By: _____
Ghazi Almani

By: _____
Robert Alexander, Trustee

By: _____
Kathleen Alexander Fuller

By: _____
Peter Nickertz

By: _____
Sol Bucksbaum, Trustee

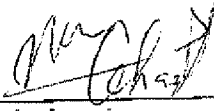
By: _____
Betty Anne Bucksbaum, Trustee

By: _____
Robert Gain

By: _____
Douglas Amato, Custodian for the Martin S. Simon
Solomon Smith Barney IRA Rollover Account

By:  _____
David Tye

By: _____
Ghazi Almani



Ghazi Almani

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