SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2000

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 1-12273

ROPER INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**51-0263969**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

160 Ben Burton Road
Bogart, Georgia 30622
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (706) 369-7170

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	**Name of Each Exchange On Which Registered**
Common Stock, $.01 Par Value	New York Stock Exchange
Preferred Stock Purchase Rights with respect to Common Stock, $.01 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [_] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K ((S) 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

Aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the closing price of such stock, as of December 31, 2000: $1,011,942,929.

Number of shares of Registrant's Common Stock outstanding as of December 31, 2000: 30,609,284.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement to be furnished to Shareholders in connection with its Annual Meeting of Shareholders to be held on March 16, 2001, are incorporated by reference into Part III

PART I

ITEM 1. BUSINESS

Roper Industries, Inc. ("Roper") designs, manufactures and distributes specialty industrial controls, fluid handling and analytical instrumentation products worldwide, serving selected segments of a broad range of markets such as oil & gas, scientific research, medical diagnostics, semiconductor, refrigeration, petrochemical processing, large diesel engine and turbine/compressor control applications, automotive, water and wastewater, power generation, and agricultural irrigation industries.

Roper pursues consistent and sustainable growth in sales and earnings by operating and acquiring businesses that manufacture and sell high value-added, highly engineered industrial products that are capable of achieving and maintaining high margins. This strategy continually emphasizes (i) increasing market share and market expansion, (ii) new product development, (iii) improving productivity and reducing costs and (iv) acquisition of similar businesses. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Year Ended October 31, 2000 Compared to Year Ended October 31, 1999 (i) and (ii) — Year Ended October 31, 1999 Compared to Year Ended October 31, 1998."

Market Share, Market Expansion and Product Development. Roper competes in many narrowly defined niche markets. Its position in these markets is typically as the market leader or as a competitive alternate to the market leader. In those markets where Roper is regionally dominant it seeks to sustain growth through geographic expansion of its marketing efforts and the development of new products for associated markets.

Roper continued its growth in fiscal 2000 principally by new business and product-line acquisitions. In the Industrial Controls segment, Hansen Technologies was acquired in September 2000. Roper acquired two new Fluid Handling segment companies in February 2000; Flowdata, which was merged with Flow Technology, and Cybor, now operated as a division of Integrated Designs. A new industrial pump company also was added to the segment in May 2000 with the acquisition of Abel Pump. In August 2000, Antek Instruments was acquired to complement the Analytical Instrumentation segment's Petroleum Analyzer business.

In addition to the new business acquisitions, an electron microscopy accessories product-line was acquired to extend Gatan's business, and the European distribution rights to Compressor Controls' products and services were also acquired from Honeywell International, Inc. and its affiliates.

These new business acquisitions and business expansion transactions were financed principally from borrowings and represented a combined investment of approximately $161.5 million. Roper's debt under its primary credit facility was $232.6 million at October 31, 2000 and $109.0 million at October 31, 1999. Total debt was 47% and 36% of total capitalization at October 31, 2000 and 1999, respectively. Roper believes it is well positioned for additional new business and other business acquisitions.

International Sales. Sales outside the United States continue to play an important part in Roper's overall operating results, including U.S.-based businesses. In fiscal 2000, 1999 and 1998, Roper's net sales outside the U.S. were 52%, 51% and 50%, respectively, of total net sales. Information regarding international operations is set forth in Note 13 of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K ("Annual Report").

Research and Development. Roper conducts applied research and development to improve the quality and performance of its products, to develop new products and to enter new markets. Research and development performed by Roper often includes extensive field testing of its products. Roper expensed $22.6 million, $16.7 million and $18.0 million in the years ended October 31, 2000, 1999 and 1998, respectively, on research and development activities.

INDUSTRIAL CONTROLS

The Industrial Controls segment's principal products include a wide variety of machinery and other industrial valves, controls, control systems and measurement and monitoring instruments which are manufactured and distributed by five U.S.-based, and one European-based, operating companies. Selected financial information for the Industrial Controls segment is set forth in Note 13 of the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report. This segment's principal sales and services consist of: (i) rotating machinery control systems and panels (ii) industrial valve, control and measurement products, (iii) vibration instrumentation and (iv) design, build, construct and install services.

Rotating Machinery Control Systems and Panels. Roper manufactures control systems and panels, and provides related engineering and commissioning services, for applications involving compressors, turbines, and engines in the oil & gas, pipeline, power generation and marine industries.

Industrial Valve, Control and Measurement Products. Roper manufactures a variety of valve, sensor, switch and control products used on engines, compressors, turbines and other powered equipment for the oil & gas, pipeline, power generation, refrigeration, marine and general industrial markets. Most of these products are designed for use in hazardous environments.

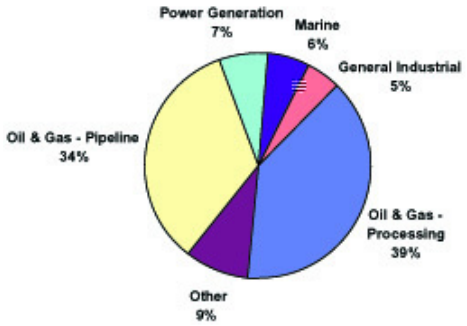
Vibration Instrumentation. Roper manufactures industrial vibration sensors, switches and transmitters for use in the broad industrial controls market. Their applications typically involve turbomachinery, engines, compressors, fans and/or pumps.

Engineering, Procurement and Construction Services. Roper provides specialized technical services to the product markets described above and thus offers turnkey solution capability to its customers. Services offered include engineering design, procurement, packaging and on-site installation.

Those classes of products within the Industrial Controls segment that accounted for at least 10% of Roper's consolidated net sales in any of the periods presented below were as follows (in thousands):

	Year ended October 31,		
	2000	**1999**	**1998**
Rotating machinery control systems and panels	**$91,409**	$78,979	$93,540
Industrial valve, control and measurement products	**27,996**	25,123	32,298

The following chart shows the breakdown of sales by market for fiscal 2000 for the Industrial Controls segment:



Backlog. The majority of this segment's business consists of large engineered oil &gas development and transmission projects with lead times of three-to-nine months. Standard products generally ship within two weeks of receipt of order, while shipment of orders for specialty products varies according to the complexity of the product and availability of the required components. Roper enters into blanket purchase orders for the manufacture of products for certain original equipment manufacturers ("OEMs") and end-users over periods of time specified by such customers. The segment's backlog of firm unfilled orders, including blanket purchase orders, totaled $29.2 million at October 31, 2000 compared to $29.3 million as of October 31, 1999.

Distribution and Sales. Distribution and sales occur through direct sales offices, manufacturer's representatives and industrial machinery distributors.

Customers. Each of Roper's business units sells to a variety of customers worldwide. RAO Gazprom ("Gazprom"), a large Russian natural gas company, was the biggest single customer in this segment for the year, contributing approximately 21% of segment sales in fiscal 2000, and has indicated its interest to continue purchases of control systems for several years by agreeing to extend its existing supply agreement through 2007 to purchase an additional $150 million of control system products and services. However, continuation of this business at expected levels will continue to be subject to numerous commercial and political risks beyond Roper's control and cannot be assured. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Forward Looking Information".

FLUID HANDLING

The Fluid Handling segment's principal products include general and specialty pumps and a range of flow metering products which are manufactured and distributed by five U.S.-based, and one European-based, operating units. Selected financial information for the Fluid Handling segment is set forth in Note 13 of the Notes to

Consolidated Financial Statements included elsewhere in this Annual Report. This segment's principal products consist of (i) general industrial pumps, (ii) integrated dispense systems and (iii) flow metering products.

General Industrial Pumps. Roper manufactures a variety of general industrial pumps including (i) rotary gear pumps which operate on the principle of two gears intermeshing and are primarily used for pumping particle-free viscous liquids such as oil and certain fluid products, and specialty rotary gear pumps such as lubricating oil pumps for diesel engines and fuel distribution devices, (ii) progressing cavity pumps whose pumping elements consist of a steel rotor within an elastomeric stator and which are used primarily for handling viscous liquids with suspended solids and abrasive materials, such as Roper's "mud motor" used in the oil & gas industry for directional drilling, (iii) centrifugal pumps which are used for pumping water and other low-viscosity liquids in agricultural, industrial and municipal applications, (iv) membrane and piston pumps which transport high solids content slurries used in a variety of industries including municipal, mining, ceramics, and food, (v) high-pressure piston pumps used in marine, food, and municipal applications, and (vi) piston-type metering pumps able to handle most types of chemicals and fluids within low-flow applications and used principally in the medical diagnostics, chemical processing, food processing and agricultural industries.

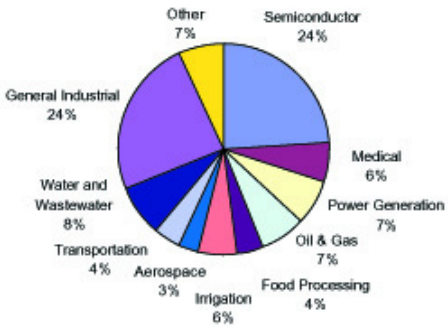
Integrated Dispense and Chemical Management Systems for Semiconductor Applications. Roper's microprocessor-based integrated dispense systems are used principally in the semiconductor industry to dispense chemicals in a precise and repeatable fashion during the wafer fabrication process. These highly reliable dispense units either incorporate no mechanical displacement, utilizing the application of electronically regulated pressure, or utilize positive displacement technology. Cabinet based systems manage the distributions of bulk chemicals used in wafer fabrication to equipment such as the dispense systems mentioned above.

Flow Metering Products. Roper manufactures turbine flow meters, positive displacement meters, emissions measurement equipment and flow meter calibration products for the aerospace, automotive and other industrial applications.

Those classes of products within the Fluid Handling segment that accounted for at least 10% of Roper's consolidated net sales in any of the periods presented below were as follows (in thousands):

	Year ended October 31,		
	2000	**1999**	**1998**
General industrial pumps	**$78,955**	$76,193	$72,095

The following chart shows the breakdown of Fluid Handling segment sales by market for fiscal 2000:



Backlog. The Fluid Handling companies' sales also reflect a combination of standard products and specifically engineered, application-specific products. Standard products are typically shipped within two weeks of receipt of order. Application-specific products typically ship within six-to-twelve weeks following receipt of order, although larger project orders and blanket purchase orders for certain OEMs may extend for longer periods. This segment's backlog of firm unfilled orders, including blanket purchase orders, totaled $26.1 million at October 31, 2000 compared to $14.4 million as of October 31, 1999. The increase was attributed to both improved business conditions throughout the segment and new business acquisitions.

Distribution and Sales. Distribution and sales occur through direct sales personnel, manufacturer's representatives and stocking and non-stocking distributors.

Customers. Several of the Fluid Handling segment's companies have sales to one or a few customers that represent a significant portion of that company's sales and the relative importance of such a concentrated customer base for these companies is expected to continue. However, no customer was responsible for as much as 10% of the segment's fiscal 2000 net sales.

ANALYTICAL INSTRUMENTATION

The Analytical Instrumentation segment offers several lines of imaging products, testing and analysis products, and microscopy specimen preparation and handling products that are manufactured and distributed by ten U.S.-based, and two European-based, operating companies. Selected financial information for the Analytical Instrumentation segment is set forth in Note 13 of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report. This segment's principal products consist of (i) digital imaging products, (ii) industrial leak-testing products, (iii) industrial fluid properties testing products, (iv) microscopy specimen preparation/handling products and (v) spectroscopy products.

Digital Imaging Products. Roper manufactures and sells extremely sensitive, high-performance charge-coupled device cameras and detectors for a variety of scientific and industrial uses, which use high resolution and/or high speed digital video, including transmission electron microscopy and spectroscopy applications. These products are principally sold for use within academic, government research, semiconductor, automotive, ballistic and biological and material science end-user markets. They are frequently incorporated into OEM products.

Industrial Leak-Testing Products. Roper manufactures and sells products and systems to determine leaks and completeness of assemblies and sub-assemblies in the automotive, medical and consumer products industries.

Industrial Fluid Properties Testing Products. Roper manufactures and sells automated and manual test equipment to determine certain physical properties, such as sulfur and nitrogen content, flash point, viscosity, freeze point and distillation of liquids and gasses for the petroleum and other fluid product industries.

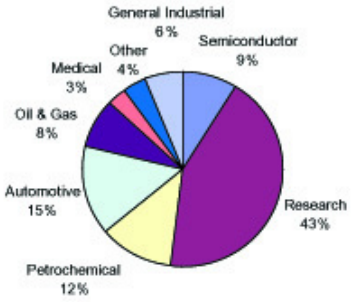
Microscopy Specimen Preparation/Handling Products. Roper manufactures and sells specimen preparation and handling equipment for use with electron and other microscopes. The handling products are incorporated into OEM equipment and also sold as a retrofit for microscopes currently in use within the academic, government research, electronics, biological and material science end-user markets.

Spectroscopy Products. Roper manufactures and sells spectrometers, monochrometers and optical components and coatings for various high-end analytical applications. These products are often incorporated into OEM equipment for use within the research and material science end-user markets.

The class of products within the Analytical Instrumentation segment that accounted for at least 10% of Roper's consolidated net sales in any of the periods presented below were as follows (in thousands):

	Year ended October 31,		
	2000	**1999**	**1998**
Digital imaging products	**$135,406**	$89,739	$65,576
Industrial fluid properties testing products	**51,499**	27,300	14,891

The following chart shows the breakdown of Analytical Instrumentation segment sales by market for fiscal 2000:



Backlog. The Analytical Instrumentation companies have lead times of up to several months on many of their product sales, although standard products are often shipped within four weeks of receipt of order. Blanket purchase orders are placed by certain OEMs and end-users, with continuing requirements for fulfillment over specified periods of time. The segment's backlog of firm unfilled orders, including blanket purchase orders, totaled $54.6 million at October 31, 2000 compared to $30.0 million as of October 31, 1999. Approximately half of the year-over-year increase was attributed to the fiscal 2000 acquisitions and the balance to general strength in the fiscal 2000 fourth quarter.

Distribution and Sales. Distribution and sales are achieved through a combination of manufacturers' representatives, agents, distributors and direct sales offices in both the U.S. and various leading industrial nations.

Customers. Each of the companies in the Analytical Instrumentation segment sells to a variety of customers worldwide, with certain major OEMs in the automotive, medical diagnostics and microscopy industries having operations globally. No segment customer accounted for as much as 10% of the segment's sales.

MATERIALS AND SUPPLIERS

Most materials and supplies used by Roper are believed to be readily available from numerous sources and suppliers throughout the world which are believed adequate for their needs. Some high-performance components for digital imaging products can be in short supply and Roper continuously investigates and identifies alternative sources where possible. Roper believes this condition equally affects its competitors and, thus far, it has not had a significant adverse effect on sales.

ENVIRONMENTAL MATTERS AND OTHER GOVERNMENTAL REGULATION

Roper is subject to environmental laws and regulations concerning emissions to the air, discharges to waterways and the generation, handling, storage, transportation, treatment and disposal of waste materials. These laws and regulations are constantly changing and it is impossible to predict with accuracy the effect they may have on Roper in the future. It is Roper's policy to comply with all applicable environmental, health and safety laws and regulations.

Roper is subject to various U.S. and foreign federal, state and local laws affecting its businesses, as well as a variety of regulations relating to such matters as working conditions and product safety. A variety of state laws regulate Roper's contractual relationships with its distributors and manufacturers' representatives, some of which impose substantive standards on these relationships.

COMPETITION

Roper has significant competition from a limited number of companies in each of its markets. No single competitor competes with Roper over a significant number of product lines. Roper's products compete primarily on the basis of performance, innovation and price.

PATENTS AND TRADEMARKS

Roper owns the rights under a number of patents and trademarks relating to certain of its products and businesses. While it believes that none of its companies is substantially dependent on any single, or group, of patents, trademarks or other items of intellectual property rights, the product development and market activities of Compressor Controls, Gatan, Integrated Designs, MASD and Roper Scientific, in particular, have been planned and conducted in conjunction with important and continuing patent strategies. Compressor Controls has been granted a series of U.S. and associated foreign patents and a significant portion of its fiscal 2000 sales of Compressor Controls-manufactured products was of equipment which incorporated innovations that are the subject of several such patents which will not begin to expire until 2004. Integrated Designs was granted a U.S. patent in 1994 related to methods and apparatus claims embodied in its integrated dispense systems which accounted for the majority of its fiscal 2000 sales. The U.S. patent will expire in 2011.

EMPLOYEES

As of October 31, 2000, Roper had approximately 2,600 total employees, of whom approximately 2,000 were located in the United States.

ITEM 2. PROPERTIES

Roper's corporate offices, consisting of 9,500 square feet of leased space, are located near Athens, Georgia. Roper has established sales and service locations around the world to support its operating units. The principal operating company properties are on the table that follows.

Roper considers each facility to be in good operating condition and adequate for its present use and believes that it has sufficient plant capacity to meet its current and anticipated operating requirements.

	Square footage

Location	Property	Owned	Leased	Industry segment
Phoenix, AZ	Office / Mfg.	—	45,900	Fluid Handling
Tucson, AZ	Office / Mfg.	—	37,300	Analytical Instrumentation
Morgan Hill, CA	Office / Mfg.	—	10,500	Analytical Instrumentation
Pleasanton, CA	Office	—	19,400	Analytical Instrumentation
Richmond, CA	Office / Mfg.	66,000	—	Industrial Controls
San Diego, CA	Office / Mfg.	—	48,000	Analytical Instrumentation
San Jose, CA	Office / Mfg.	—	22,600	Fluid Handling
Orlando, FL	Mfg.	—	20,900	Analytical Instrumentation
Verson, France	Office / Mfg.	—	22,500	Industrial Controls
Commerce, GA	Office / Mfg.	189,000	—	Fluid Handling
Buchen, Germany	Office / Mfg.	191,500	—	Fluid Handling
Lauda, Germany	Office / Mfg.	24,000	—	Analytical Instrumentation
Des Moines, IA	Office / Mfg.	—	88,000	Industrial Controls
Belle Chasse, LA	Office / Mfg.	—	66,400	Industrial Controls
Burr Ridge, IL	Office / Mfg.	55,000	—	Industrial Controls
Acton, MA	Office / Mfg.	—	32,700	Analytical Instrumentation
Trenton, NJ	Office / Mfg.	40,000	—	Analytical Instrumentation
Syosset, NY	Office / Mfg.	—	27,500	Fluid Handling
Portland, OR	Office / Mfg.	—	128,000	Fluid Handling
Sewickley, PA	Office / Mfg.	—	21,100	Fluid Handling
Warrendale, PA	Mfg.	—	22,800	Analytical Instrumentation
Carrollton, TX	Office / Mfg.	—	22,000	Fluid Handling
Houston, TX	Office / Mfg.	12,600	—	Industrial Controls
Houston, TX	Office		10,500	Analytical Instrumentation
Houston, TX	Office / Mfg.	—	17,800	Analytical Instrumentation
Houston, TX	Office / Mfg.	—	27,500	Analytical Instrumentation
Marble Falls, TX	Office / Mfg	10,000	—	Analytical Instrumentation
San Antonio, TX	Office / Mfg.	—	37,900	Analytical Instrumentation
Bury St. Edmunds, U.K	Office / Mfg.	90,000	—	Industrial Controls

ITEM 3. LEGAL PROCEEDINGS

Roper is a defendant in various lawsuits involving product liability, employment practices and other matters, none of which Roper believes, if adversely determined, would have a material adverse effect on its consolidated financial position or results of operations. The majority of such claims are subject to insurance coverage.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

No matter was submitted to a vote of Roper's security-holders during the fourth quarter of fiscal 2000

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Roper's single class of common stock issued and outstanding trades on the New York Stock Exchange ("NYSE") under the symbol "ROP". Following is the range of high and low sales prices for Roper's common stock as reported by the NYSE during each of its fiscal 2000 and 1999 quarters. The last sales price reported by the NYSE on December 31, 2000, was $33.06.

		High	Low
2000	**4th Quarter**	**$ 35.75**	**$ 26.19**
	3rd Quarter	**36.19**	**24.00**
	2nd Quarter	**37.38**	**25.81**
	1st Quarter	**38.56**	**30.00**
1999	4th Quarter	38.56	29.75
	3rd Quarter	36.50	28.00

2nd Quarter	29.59	20.88
1st Quarter	22.50	15.75

Based on information available to Roper and its transfer agent, Roper believes that as of December 31, 2000 there were 241 record holders of its common stock.

Dividends. Roper has declared a cash dividend in each fiscal quarter since its February 1992 initial public offering and has also increased its dividend rate annually since the initial public offering. In November 2000, Roper's Board of Directors increased the quarterly dividend rate to $0.075 per share, an increase of 7%, from the prior rate. However, the timing, declaration and payment of future dividends will be at the sole discretion of Roper's Board of Directors and will depend upon Roper's profitability, financial condition, capital needs, future prospects and other factors deemed relevant by the Board of Directors. Therefore, there can be no assurance as to the amount, if any, of cash dividends that will be declared in the future.

Recent Sales of Unregistered Securities. None

ITEM 6. SELECTED FINANCIAL INFORMATION

The consolidated selected financial data presented below has been derived from Roper's audited consolidated financial statements and should be read in conjunction with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" and with Roper's Consolidated Financial Statements and related notes thereto included elsewhere in this Annual Report. All per share data have been restated to reflect the 2-for-1 stock split in August 1997.

	Year ended October 31,				
	2000(1)	**1999(2)**	**1998(3)**	**1997(4)**	**1996(5)**
	(Dollars in thousands except per share data)				
Operations data:					
Net sales	**$503,813**	$407,256	$389,170	$298,236	$225,651
Gross profit	**258,824**	210,503	190,953	153,389	115,924
Income from operations	**88,196**	77,955	66,092	60,870	47,272
Net earnings applicable to common shares	**49,278**	47,346	39,316	36,350	28,857
Per share data:					
Net earnings applicable to common shares:					
Basic	$ **1.62**	$ 1.56	$ 1.27	$ 1.19	$ 0.96
Diluted	**1.58**	1.53	1.24	1.16	0.93
Dividends	**0.28**	0.26	0.24	0.20	0.16
Balance sheet data:					
Working capital	**$129,463**	$ 89,576	$ 82,274	$ 86,954	$ 45,007
Total assets	**596,902**	420,163	381,533	329,320	242,953
Long-term debt, less current portion	**234,603**	109,659	120,307	99,638	63,373
Stockholders' equity	**270,191**	231,968	197,033	177,869	137,396

(1) Includes results of MASD from November 1999, Abel Pump from May 2000, Antek Instruments from August 2000, Hansen Technologies from September 2000 and several smaller businesses acquired throughout fiscal 2000.

(2) Includes results of Petroleum Analyzer companies acquired in June 1999.

(3) Includes results of Photometrics from April 1998 and several smaller businesses acquired throughout fiscal 1998.

(4) Includes results of Princeton and Petrotech from May 1997.

(5) Includes results of Fluid Metering and Gatan from May 1996.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Roper's Consolidated Financial Statements and selected financial data included elsewhere in this Annual Report.

Results of Operations

General

The following table sets forth selected information for the years indicated. Amounts are dollars in thousands and percentages are of net sales.

	Year ended October 31,		
	2000	**1999**	**1998**
Net sales	**100.0%**	100.0%	100.0%
Cost of sales	**48.6**	48.3	50.9
Gross profit	**51.4**	51.7	49.1
Selling, general and administrative expenses	**33.9**	32.6	32.1
Income from operations	**17.5**	19.1	17.0
Interest expense	**2.7**	1.8	2.0
Other income	**0.3**	0.4	0.3
Earnings before income taxes	**15.1**	17.7	15.3
Income taxes	**5.3**	6.1	5.2
Net earnings	**9.8%**	11.6%	10.1%

	Year ended October 31,					
	2000		**1999**		**1998**	
	$	**%**	**$**	**%**	**$**	**%**
Industrial Controls:(1)						
Net sales	**159,262**		160,090		177,258	
Gross profit	**78,523**	**49.3**	78,957	49.3	84,386	47.6
Operating profit(2)	**28,460**	**17.9**	29,973	18.7	31,458	17.7
Fluid Handling:(3)						
Net sales	**121,387**		98,298		99,471	
Gross profit	**58,899**	**48.5**	47,662	48.5	45,160	45.4
Operating profit(2)	**29,600**	**24.4**	27,386	27.9	24,125	24.3
Analytical Instrumentation:(4)						
Net sales	**223,164**		148,868		112,441	
Gross profit	**121,402**	**54.4**	83,884	56.3	61,407	54.6
Operating profit(2)	**36,509**	**16.4**	27,713	18.6	16,417	14.6

(1) Includes results of Hansen Technologies from September 2000 and several smaller businesses acquired during the years presented.

(2) Operating profit excludes unallocated corporate administrative costs. Such costs were $6,373, $7,117 and $5,908 for the years ended October 31, 2000, 1999 and 1998, respectively.

(3) Includes results of Abel Pump from May 2000 and several smaller businesses acquired during the years presented.

(4) Includes results of Photometrics from April 1998, the fiscal 1999 Petroleum Analyzer acquisitions from June 1999, MASD from November 1999, Antek Instruments from August 2000 and several smaller businesses acquired during the years presented.

Year Ended October 31, 2000 Compared to Year Ended October 31, 1999

Net sales for fiscal 2000 of $503.8 million, a 24% increase compared to the prior year, was the eighth consecutive year Roper established a record high. Excluding net sales to RAO Gazprom ("Gazprom"), a large Russian natural gas company, net sales increased 26% in fiscal 2000 compared to fiscal 1999. Net sales for fiscal 2000 were 1% less than pro forma net sales for fiscal 1999 (assuming fiscal 2000 acquisitions occurred at the same time in fiscal 1999).

Net sales for Roper's Analytical Instrumentation segment increased 50%, mostly the result of business acquisitions (Petroleum Analyzer, MASD, Antek Instruments and other smaller businesses). This segment's net sales were 2% less than the prior year's pro forma net sales largely from lower comparative sales in fluid properties test equipment markets.

Net sales for Roper's Fluid Handling segment increased 23%, mostly the result of business acquisitions (Flowdata, Cybor and Abel Pump) and a very strong fiscal 2000 for this segment's semiconductor-related business. This segment's net sales were 6% higher than pro forma net sales for fiscal 1999. Fluid Handling's historical semiconductor business increased its net sales in fiscal 2000 by 81% (partly from favorable comparisons to reported net sales in the first half of fiscal 1999) and its recently-acquired business increased its net sales by 51% compared to the same period in the prior year. Fiscal 2000 net sales for this segment's centrifugal pump business decreased 19% compared to the prior year due to weak agricultural and water/wastewater markets. Agricultural markets were adversely impacted by widespread drought conditions and low commodity prices in the United States. Roper believes the municipal water and wastewater markets were adversely affected by resources diverted to minimize Y2K exposures early in the fiscal year, and its centrifugal pump business had increased exposure to these markets as it developed larger pumps to pursue more lucrative projects. Fluid Handling's piston metering pumps business' net sales were also down 15% compared to fiscal 1999 as this company's largest customer reduced its purchases until it resolves an FDA compliance problem unrelated to this company's products. This company does not expect shipments to this customer to return to previous levels in the near future.

Net sales for Roper's Industrial Controls segment decreased less than 1% in fiscal 2000 compared to fiscal 1999 and fiscal 2000 net sales were 3% less than pro forma fiscal 1999 net sales. The timing of this segment's primary fiscal 2000 acquisition (Hansen Technologies) was such that it did not significantly affect fiscal 2000 results. This segment was significantly influenced by conditions in the exploration and production sectors of the oil & gas industry. Roper believes several large oil & gas business combinations early in the year delayed capital spending programs, and spending had yet to recover from the effects of relatively low oil and natural gas prices throughout much of fiscal 1999. Throughout fiscal 2000, net sales each quarter (excluding sales to Gazprom) improved in comparison to the same quarter of fiscal 1999. Whereas these first quarter net sales were down 22% compared to the prior year, fourth quarter net sales (also excluding Hansen Technologies) were up 13%. Net sales to Gazprom of $33.9 million in fiscal 2000 were comparable to fiscal 1999 net sales of $35.0 million.

The gross profit percentage for the Analytical Instrumentation segment decreased to 54.4% in fiscal 2000 compared to 56.3% in fiscal 1999. This decrease arose mostly from the inclusion of MASD for most of fiscal 2000. If MASD's results were excluded from the segment's results in fiscal 2000, the segment's gross profit percentage was 55.9%.

Selling, general and administrative ("SG&A) expenses as a percentage of net sales in fiscal 2000 and fiscal 1999 are presented in the following table.

	2000		1999	
	Total	Excl. goodwill amort.	Total	Excl. goodwill amort
Analytical Instrumentation	**38%**	**34%**	38%	34%
Fluid Handling	**24**	**22**	21	19
Industrial Controls	**31**	**30**	31	29
Corporate	**1**	**1**	2	2
Total	34%	31%	33%	30%

SG&A expenses increased as a percentage of net sales for Roper as a whole because of the increased costs in the Fluid Handling segment and the increased size of the Analytical Instrumentation segment with its relatively high level of SG&A expenses compared to Roper's other business segments.

SG&A expenses for the Fluid Handling segment increased as a percentage of net sales mostly due to relatively high cost structures of recent acquisitions, particularly Abel Pump and Flowdata. Roper expects to bring these cost structures more in line with the segment's other businesses. Another significant reason for this segment's increased SG&A expenses as a percentage of net sales was the adverse leverage associated with the decline in the segment's centrifugal pump business combined with the added costs of this business moving into a larger facility early in fiscal 2000.

Interest expense was $13.5 million in fiscal 2000 compared to $7.3 million in fiscal 1999. Interest expense was higher in fiscal 2000 due primarily to the borrowings associated with the numerous acquisitions that occurred during fiscal 1999 and especially during fiscal 2000. All of these acquisitions, representing total costs of approximately $200 million during these two fiscal years, were paid for with cash provided by Roper's then-existing credit facilities.

The provision for income taxes was 35.1% of pretax earnings in fiscal 2000 compared to 34.5% in fiscal 1999. The increase in the effective income tax rate was due to several of the recent acquisitions located in relatively high income tax rate jurisdictions and the amortization of some of the excess of the purchase price over the net assets acquired ("goodwill") which was not deductible for income tax purposes.

Roper's other components of comprehensive earnings in fiscal 2000 were currency translation adjustments resulting from net assets denominated in currencies other than the U.S. dollar. These net assets were primarily denominated in Euros, British pounds or Japanese yen. The U.S. dollar strengthened against each of these currencies during fiscal 2000, but especially against the Euro and particularly during Roper's fourth quarter of fiscal 2000. During fiscal 2000, Roper's consolidated net assets decreased $6.7 million ($4.1 million in the fourth quarter) due to foreign currency translation adjustments. Roper's goodwill denominated in non-U.S. currencies also decreased by $6.7 million due to currency translation adjustments. Therefore, the impact of foreign currency translation adjustments during fiscal 2000 on Roper's future cash flows is expected to be immaterial to Roper's future cash flows.

The following table summarizes Roper's net sales orders and sales order backlog information (in thousands). The pro forma amounts include comparable time periods for those companies acquired during fiscal 2000.

	Net sales orders Year ended October 31,			Sales order backlog October 31,		
	2000	1999		2000	1999	
	Actual	Pro forma	Actual	Actual	Pro forma	Actual
Analytical Instrumentation	**$239,903**	$228,000	$148,478	$ **54,550**	$41,693	$30,000
Fluid Handling	**128,925**	117,125	100,600	**26,073**	19,103	14,375
Industrial Controls	**160,136**	157,596	150,604	**29,246**	30,405	29,286
	$528,964	$502,721	$399,682	**$109,869**	$91,201	$73,661

The increase in Analytical Instrumentation's net sales orders in fiscal 2000 compared to fiscal 1999 pro forma net sales orders was mostly due to an 8% increase in the segment's digital imaging businesses and a 20% increase in its spectroscopy business (which was influenced by the strong semiconductor industry).

The increase in Fluid Handling's net sales orders in fiscal 2000 compared to fiscal 1999 pro forma net sales orders was mostly due to continued strength in the segment's semiconductor-related businesses, whose net sales orders increased 68%.

Year Ended October 31, 1999 Compared to Year Ended October 31, 1998

Net sales for fiscal 1999 of $407.3 million represented the seventh consecutive year that Roper established a record high. Net sales, excluding sales to Gazprom, increased 7% for the year ended October 31, 1999 compared to the year ended October 31, 1998. Total Industrial Controls net sales decreased 10% due mostly to difficult market conditions throughout the oil & gas industry as oil and natural gas prices were at historical lows in the early part of fiscal 1999, and consolidation within the industry. Each of these factors caused reductions in capital spending by Roper's customers during fiscal 1999. Net sales to Gazprom were $35.0 million for the year ended October 31, 1999, down 16% from fiscal 1998, as a result of dropping certain low margin, pass-through products from the contract. Total Analytical Instrumentation net sales increased 32% due to full-year contributions from the fiscal 1998 acquisitions of Acton Research (February 1998) and Photometrics (March 1998), the partial-year contribution from the fiscal 1999 Petroleum Analyzer acquisitions (June 1999) and improved market conditions for the segment's digital imaging business. On a pro forma basis, Analytical Instrumentation net sales increased 11% in fiscal 1999 compared to the prior year. Total Fluid Handling net sales decreased 1% in fiscal 1999 compared to fiscal 1998. Poor semiconductor equipment industry conditions that affected the Fluid Handling segment primarily in the first half of fiscal 1999 offset the strength in the segment's centrifugal pump business as several new product offerings were very well received by the market.

Industrial Controls' gross profit percentage increased 1.7 points in fiscal 1999 compared to the prior year. The major reason for the increase was the elimination of certain low-margin business with Gazprom in fiscal 1999. Analytical Instrumentation's gross profit also increased 1.7 points in fiscal 1999 compared to the prior year. The major contributors to this increase were a $1.9 million inventory write-down in the fourth quarter of fiscal 1998, the realization of cost structure improvements at those businesses acquired over the past two years and volume leverage. Fluid Handling's gross profit increased 3.1 points in fiscal 1999 compared to the prior year. This gain resulted from a number of factors, including improved product mix in fiscal 1999 from larger diameter centrifugal pumps, an improved power generation market, the leverage of improved semiconductor industry conditions in the second half of fiscal 1999, and improved cost structures throughout the segment. Every one of this segment's businesses improved gross margins in fiscal 1999 compared to fiscal 1998. In addition, the improved consolidated gross profit percentage of 2.6 points in fiscal 1999 was due mostly to increased higher-margin Analytical Instrumentation sales.

SG&A expenses increased 6% in fiscal 1999 compared to the year ended October 31, 1998 mostly due to the partial year costs associated with Petroleum Analyzer. As a percentage of sales, these costs were 33% in fiscal 1999 compared to 32% in fiscal 1998. This increase was attributed mostly to the increased size of the Analytical Instrumentation segment, whose businesses typically have higher engineering and amortization costs compared to Roper's other business segments. Analytical Instrumentation's SG&A costs were 38% and 40% of sales in fiscal 1999 and 1998, respectively. Comparative percentages for the Industrial Controls and Fluid Handling segments were each within 1 point for these years. Excluding $3.8 million of Russian-related reserves recorded during the fourth quarter of fiscal 1998 in the Industrial Controls segment, this segment's SG&A costs were about the same in fiscal 1999 as in fiscal 1998.

Interest expense was 8% lower during the year ended October 31, 1999 compared to fiscal 1998, with lower interest rates throughout most of fiscal 1999 as compared to fiscal 1998. The German revolving credit facility opened in June 1999 also accrued interest at a relatively low rate compared to U.S. borrowings. Average debt levels were about 4% higher in fiscal 1999 compared to the prior year.

The effective income tax rate was 34.5% for the year ended October 31, 1999 and 34.1% for the year ended October 31, 1998. The differences between the statutory income tax rate and the effective income tax rate for these years were not considered significant.

Average outstanding shares were less in fiscal 1999 than fiscal 1998 as a result of the repurchase of 1.2 million shares by Roper during the fourth quarter of fiscal 1998 through the second quarter of fiscal 1999. The buy-back program was terminated in May 1999.

Other components of comprehensive earnings represented the change in cumulative translation adjustments related to the net assets of non-U.S. subsidiaries whose functional currency was not the U.S. dollar. The net change during each of fiscal 1999 and fiscal 1998 was related to Roper's subsidiaries in Europe and Japan.

Net cash provided by operating activities declined by $24.7 million, or 31%, primarily as a result of a $10.6 million increase in accounts receivable as compared to a $12.7 million decrease in the fiscal years ended October 31, 1999 and October 31, 1998, respectively. The reduction in 1998 was attributable to exceptional Gazprom cash receipts and the increase in 1999 arose primarily at Roper Scientific and Integrated Designs largely as a result of increased fourth quarter business levels.

The following table summarizes net sales orders and sales order backlog information (dollars in thousands):

	Net sales orders Year ended October 31,			Sales order backlog October 31,		
	1999	1998		1999	1998	
	Actual	Pro forma	Actual	Actual	Pro forma	Actual
Analytical Instrumentation	$148,478	$137,190	$111,637	$30,000	$32,153	$28,898
Fluid Handling	100,600	95,886	94,470	14,375	12,746	12,746
Industrial Controls	150,604	178,396	176,228	29,286	39,035	39,035
	$399,682	$411,472	$382,335	$73,661	$83,934	$80,679

On a pro forma basis to include fiscal 1999 acquisitions for the comparable prior year period, Analytical Instrumentation's net sales orders and sales order backlog were up 8% and down 7%, respectively, in fiscal 1999 compared to fiscal 1998. Consolidated pro forma net sales orders and sales order backlog were down 3% and down 12%, respectively. Actual compared to pro forma results were about the same for the Fluid Handling and Industrial Controls segments. The 33% increase in Analytical Instrumentation's net sales orders was due to the full-year contributions of Acton Research and Photometrics, the partial-year contribution of Petroleum Analyzer and strengthened digital imaging markets in fiscal 1999 (which also accounts for the pro forma increase). Fluid Handling's net sales orders increased from its stronger centrifugal pump business and the increased sales order

backlog reflected much better semiconductor industry conditions. Decreased Industrial Controls' net sales orders reflected weak oil & gas industry conditions.

Financial Condition, Liquidity and Capital Resources

Working capital was $129.5 million at October 31, 2000 compared to $89.6 million at October 31, 1999. Total debt was $241.3 million at October 31, 2000 (47% of total capital) compared to $130.5 million at October 31, 1999 (36% of total capital). Roper's increased financial leverage at October 31, 2000 compared to the prior year was due to the additional borrowings incurred to fund fiscal 2000 business acquisitions.

Roper's principal $275 million credit facility with a group of banks provides most of its daily external financing requirements, consisting of revolving loans, swing line loans and letters of credit. This facility also provides that up to $75 million of borrowings may be denominated in designated non-U.S. currencies. At October 31, 2000, $79.0 million of U.S. denominated borrowings and the equivalent of $28.6 million of non-U.S. denominated borrowings were outstanding under this facility. Total unused availability under this facility was $166.6 million at October 31, 2000. This facility matures May 2005.

Roper's outstanding indebtedness at October 31, 2000 also included $125 million of term notes. One set of notes totaling $40 million bears interest at 7.58% and matures May 2007. The other set of notes totaling $85 million bears interest at 7.68% and matures May 2010. Neither set of notes requires sinking fund payments.

Roper's other outstanding indebtedness at October 31, 2000 totaled $8.7 million. $6.4 million of this amount was with Japanese banks to fund normal business requirements of its Japanese operations.

Most of the increase in working capital at October 31, 2000 compared to October 31, 1999 resulted from the working capital of the businesses acquired during fiscal 2000. Approximately $28 million of working capital, excluding cash, was acquired with these businesses. Another large increase in working capital resulted from refinancing the short-term German revolving credit facility borrowings of $15.9 million that existed at October 31, 1999. This agreement was replaced by the non-U.S. borrowing capabilities of the $275 million credit facility.

Roper had significant capital expenditures of $15.2 million during the year ended October 31, 2000 in order to expand or move to larger facilities at Roper Pump, Cornell Pump and Compressor Controls. Research and development-related capital expenditures were also significant at Gatan and Roper Scientific, two of Roper's digital imaging businesses. Roper anticipates capital expenditures will decline in fiscal 2001.

In November 2000, Roper's Board of Directors increased the quarterly cash dividend paid on its outstanding common stock from $0.07 per share to $0.075 per share, an increase of 7%. This represents the eighth consecutive year in which the quarterly dividend has been increased since Roper's 1992 initial public offering. There are no plans for further dividend increases during fiscal 2001.

Roper believes that internally generated cash flows and the remaining availability under its various credit facilities will be adequate to finance normal operating requirements and further acquisition activities. Although Roper maintains an active acquisition program, any further acquisitions will be dependent on numerous factors and it is not feasible to reasonably estimate if or when any such acquisitions will occur and what the impact will be on Roper's activities, financial condition and results of operations. Roper may also explore alternatives to increase its access to additional capital resources.

Roper anticipates that its recently acquired companies as well as its other companies will generate positive cash flows from operating activities, and that these cash flows will permit the reduction of currently outstanding debt at a pace consistent with that which Roper historically has experienced. However, the rate at which Roper can reduce its debt during fiscal 2001 (and reduce the associated interest expense) will be affected by, among other things, the financing and operating requirements of any new acquisitions and the financial performance of its existing companies and cannot be predicted with certainty.

Recently Issued Accounting Standards

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards ("SFAS") 133 – "Accounting for Derivative Instruments and Hedging Activities," (and subsequently amended by SFAS 137 and SFAS 138) that will be applicable to Roper in its first quarter of fiscal 2001. Once adopted, this standard is not expected to significantly affect Roper's financial position, operating results or disclosures. See Note 1 to Roper's Notes to Consolidated Financial Statements for further discussion of this pronouncement.

The Securities and Exchange Commission staff issued Staff Accounting Bulletin ("SAB") 101 – "Revenue Recognition in Financial Statements," that will be applicable to Roper in its first quarter of fiscal 2001. SAB 101

reflects the basic principles of revenue recognition in existing generally accepted accounting principles and does not supersede any existing authoritative literature. SAB 101 represents the interpretations and practices of the Securities and Exchange Commission in administering the disclosure requirements of the Federal securities laws. Once adopted, these guidelines are not expected to significantly affect Roper's revenue recognition practices. See Note 1 to Roper's Notes to Consolidated Financial Statements for further discussion of this pronouncement.

Other accounting pronouncements have also been released whose effective dates were not yet applicable to Roper's fiscal 2000 financial statements. However, none of these other standards are expected to significantly affect Roper's future financial statements.

Outlook

Fiscal 2001 is expected to be another record year for sales and earnings. Fiscal 2001 is expected to benefit from the full-year contributions from all of the acquisitions completed during fiscal 2000. Whereas the oil & gas industry has been a difficult market for Roper during the past two fiscal years, Roper's Industrial Controls segment (the segment most dependent on this industry) had its highest level of sales and sales order bookings in the fourth quarter of fiscal 2000 than in any other quarter during this period. Roper is hopeful that this trend will continue. As announced previously, Roper has extended its long-term supply agreement with Gazprom whereby Gazprom will be supplied with an additional $150 million of equipment over and above the original agreement through December 2007. Roper expects that this extension will result in relatively consistent shipments to Gazprom in the near term.

Roper expects to continue an active acquisition program. However, completion of future acquisitions and their impact on Roper's results or financial condition cannot be accurately predicted.

Forward Looking Information

The information provided elsewhere in this Annual Report, in Roper's filings with the Securities and Exchange Commission, in press releases and in other public disclosures contains forward-looking statements about Roper's businesses and prospects. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe Roper's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which generally are beyond Roper's control and which may cause Roper's actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. Some of these risks include continuing improvement in Roper's oil & gas markets, the level and timing of future business with Gazprom and other Eastern European customers, changes in interest rates, and the future operating results of the recently- and any newly-acquired companies. There is no assurance that these and other risks and uncertainties will not have an adverse impact on Roper's future operations, financial condition, or financial results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Roper is exposed to interest rate risks on its outstanding borrowings. It is exposed to foreign currency exchange risks on its transactions denominated in currencies other than the U.S. dollar. It is also exposed to equity market risks pertaining to the traded price of its common stock.

At October 31, 2000, Roper had a combination of fixed-rate borrowings (primarily $125 million of term notes) and relatively variable-rate borrowings (primarily borrowings under the $275 million credit facility). Although each borrowing under the $275 million credit facility has a fixed rate, the terms of these individual borrowings are generally only 1-3 months.

At October 31, 2000, interest rates were higher than the fixed rates on the term notes. This resulted in the estimated fair values of the term notes being less than the face amounts of the notes. Roper estimated this difference to be $2.4 million and it represented an unrecorded increase in Roper's net assets at October 31, 2000. If interest rates had been 0.1% higher, the difference between the fair values of the term notes and their face values would have increased to $3.2 million.

At October 31, 2000, Roper's outstanding variable-rate borrowings under the $275 million credit facility were $107.6 million. An increase in interest rates of 0.1% would increase Roper's annualized interest costs by $108,000.

Several Roper companies have transactions and balances denominated in currencies other than the U.S. dollar. Most of these transactions or balances are denominated in Euros (or equivalent currencies), British pounds or Japanese yen.

Sales by companies whose functional currency was not the U.S. dollar were 20% of Roper's total sales. The U.S. dollar strengthened against each of these currencies during fiscal 2000 (British pound: 13% and Japanese yen: 4%) and especially against the Euro (25%) and especially during the fourth quarter (11%). These exchange rate changes adversely impacted fiscal 2000 sales by approximately $9.2 million, or less than 2% of total sales. The percentage impact on earnings was similar. A similar strengthening of the U.S. dollar against these currencies in fiscal 2001 can be expected to have a similar adverse impact on Roper's financial results.

The weakening of these currencies during fiscal 2000 also resulted in a reduction of net assets that was reported as a component of comprehensive earnings. The decrease during fiscal 2000 was $6.7 million. However, Roper's future cash flow exposure to this change in exchange rates was expected to be minimal.

The traded price of Roper's common stock influences the valuation of stock option grants and the effects these grants have on pro forma earnings disclosed in Roper's financial statements. The stock prices also influence the computation of the dilutive effect of outstanding stock options to determine diluted earnings per share. Certain cash compensation arrangements are also directly related to Roper's stock price. The stock price also affects Roper's employees' perceptions of various Roper programs that involve its common stock.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this item begin at page F-1 hereof.

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index

Report of Independent Public Accountants

To the Shareholders of Roper Industries, Inc.:

We have audited the accompanying consolidated balance sheets of Roper Industries, Inc. (a Delaware corporation) and subsidiaries as of October 31, 2000 and 1999, and the related consolidated statements of earnings, stockholders' equity and comprehensive earnings and cash flows for the years then ended. These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roper Industries, Inc. and subsidiaries as of October 31, 2000 and 1999, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedule listed in Item 14 (II) of this Annual Report on Form 10-K is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Atlanta, Georgia
December 6, 2000

Independent Auditors' Report

The Board of Directors and Stockholders
Roper Industries, Inc.:

We have audited the accompanying consolidated statements of earnings, stockholders' equity and comprehensive earnings and cash flows of Roper Industries, Inc. and subsidiaries for the year ended October 31, 1998. In connection with our audit of the consolidated financial statements, we also audited the related financial statement schedule for the year ended October 31, 1998. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and the cash flows of Roper Industries, Inc. and subsidiaries for the year ended October 31, 1998, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein for the year ended October 31, 1998.

KPMG LLP

Atlanta, Georgia
December 4, 1998

Consolidated Balance Sheets

October 31, 2000 and 1999
(Dollar and share amounts in thousands, except per share data)

	2000	1999
Assets		
Cash and cash equivalents	$ 11,372	$ 13,490
Accounts receivable, net	115,191	89,154
Inventories	83,627	56,401
Other current assets	3,765	2,774
Total current assets	213,955	161,819
Property, plant and equipment, net	48,907	34,797
Intangible assets, net	323,195	215,020
Other assets	10,845	8,527
Total assets	$ 596,902	$ 420,163
Liabilities and Stockholders' Equity		
Accounts payable	$ 26,486	$ 18,457
Accrued liabilities	48,299	31,444
Income taxes payable	3,001	1,485
Current portion of long-term debt	6,706	20,857
Total current liabilities	84,492	72,243
Long-term debt	234,603	109,659
Other liabilities	7,616	6,293
Total liabilities	326,711	188,195
Stockholders' equity:		
Preferred stock, $0.01 par value per share; 1,000 shares authorized; none outstanding	—	—
Common stock, $0.01 par value per share; 80,000 shares authorized; 31,859 shares issued and 30,599 outstanding at October 31, 2000 and 31,551 shares issued and 30,282 outstanding at October 31, 1999	319	316
Additional paid-in capital	75,117	71,084
Retained earnings	228,652	187,911
Accumulated other comprehensive earnings	(8,913)	(2,172)
Treasury stock, 1,260 shares October 31, 2000 and 1,269 shares at October 31, 1999	(24,984)	(25,171)
Total stockholders' equity	270,191	231,968
Total liabilities and stockholders' equity	$ 596,902	$ 420,163

See accompanying notes to consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

Years ended October 31, 2000, 1999 and 1998
(Dollar and share amounts in thousands, except per share data)

	2000	1999	1998
Net sales	$503,813	$407,256	$389,170
Cost of sales	244,989	196,753	198,217
Gross profit	258,824	210,503	190,953

Selling, general and administrative expenses	170,628	132,548	124,861
Income from operations	88,196	77,955	66,092
Interest expense	13,483	7,254	7,856
Other income	1,218	1,583	1,380
Earnings before income taxes	75,931	72,284	59,616
Income taxes	26,653	24,938	20,300
Net earnings	$ 49,278	$ 47,346	$ 39,316
Net earnings per share:			
Basic	$ 1.62	$ 1.56	$ 1.27
Diluted	$ 1.58	$ 1.53	$ 1.24
Weighted average common shares outstanding:			
Basic	30,457	30,268	31,001
Diluted	31,182	30,992	31,717

See accompanying notes to consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity and Comprehensive Earnings

Years ended October 31, 2000, 1999 and 1998
(Dollar and share amounts in thousands, except per share data)

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings	Treasury stock	Total stockholders' equity	Comprehensive earnings
	Shares	Amount						
Balances at October 31, 1997	30,920	$309	$61,950	$ 116,547	$ (937)	$ —	$ 177,869	
Net earnings	—	—	—	39,316	—	—	39,316	$ 39,316
Common shares issued for acquisitions	75	1	1,935	—	—	—	1,936	—
Exercise of stock options	312	3	3,260	—	—	—	3,263	—
Currency translation adjustments	—	—	—	—	31	—	31	31
Cash dividends ($0.24 per share)	—	—	—	(7,428)	—	—	(7,428)	—
Treasury stock purchases	(964)	—	—	—	—	(17,954)	(17,954)	—
Balances at October 31, 1998	30,343	313	67,145	148,435	(906)	(17,954)	197,033	$ 39,347
Net earnings	—	—	—	47,346	—	—	47,346	$ 47,346
Common shares issued for acquisitions	(45)	—	—	—	—	(1,667)	(1,667)	—
Exercise of stock options	244	3	3,939	—	—	—	3,942	—
Currency translation adjustments	—	—	—	—	(1,266)	—	(1,266)	(1,266)
Cash dividends ($0.26 per share)	—	—	—	(7,870)	—	—	(7,870)	—
Treasury stock purchases	(260)	—	—	—	—	(5,550)	(5,550)	—
Balances at October 31, 1999	30,282	316	71,084	187,911	(2,172)	(25,171)	231,968	$ 46,080
Net earnings	—	—	—	49,278	—	—	49,278	$ 49,278
Exercise of stock options	308	3	3,949	—	—	—	3,952	—
Currency translation adjustments	—	—	—	—	(6,741)	—	(6,741)	(6,741)
Cash dividends ($0.28 per share)	—	—	—	(8,537)	—	—	(8,537)	—
Treasury stock sold	9	—	84	—	—	187	271	—

Balances at October 31, 2000	30,599	$319	$75,117	$ 228,652	$(8,913)	$(24,984)	$ 270,191	$ 42,537

See accompanying notes to consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended October 31, 2000, 1999 and 1998
(In thousands)

	2000	1999	1998
Cash flows from operating activities:			
Net earnings	$ 49,278	$ 47,346	$ 39,316
Adjustments to reconcile net earnings to net cash flows from operating activities:			
Depreciation and amortization of property, plant and equipment	8,623	6,620	6,106
Amortization of intangible assets	13,675	9,346	8,328
Changes in operating assets and liabilities, net of acquired businesses:			
Accounts receivable	(13,863)	(10,621)	12,671
Inventories	(4,357)	3,778	3,028
Accounts payable and accrued liabilities	14,001	(7,557)	7,118
Income taxes payable	786	4,112	(1,001)
Other, net	(504)	(198)	607
Net cash provided by operating activities	67,639	52,826	76,173
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(161,546)	(36,343)	(62,676)
Capital expenditures	(15,150)	(5,148)	(5,502)
Other, net	(1,531)	167	(252)
Net cash used in investing activities	(178,227)	(41,324)	(68,430)
Cash flows from financing activities:			
Proceeds from notes payable and long-term debt	321,941	45,926	60,896
Principal payments on notes payable and long-term debt	(208,012)	(41,867)	(37,522)
Cash dividends to stockholders	(8,537)	(7,870)	(7,428)
Treasury stock sales (purchases)	271	(5,550)	(17,954)
Proceeds from stock option exercises	3,952	3,942	3,263
Other, net	—	(1,667)	(200)
Net cash provided by (used in) financing activities	109,615	(7,086)	1,055
Effect of exchange rate changes on cash	(1,145)	(276)	(97)
Net increase (decrease) in cash and cash equivalents	(2,118)	4,140	8,701
Cash and cash equivalents, beginning of year	13,490	9,350	649
Cash and cash equivalents, end of year	$ 11,372	$ 13,490	$ 9,350

See accompanying notes to consolidated financial statements.

(1) Summary of Accounting Policies

Basis of Presentation - These financial statements present consolidated information for Roper Industries, Inc. ("Roper") and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Nature of the Business - Roper designs, manufactures and distributes specialty industrial controls, fluid handling and analytical instrumentation products worldwide, serving selected segments of a broad range of industrial markets.

Accounts Receivable - Accounts receivable were stated net of an allowance for doubtful accounts of $4,294,000 and $3,760,000 at October 31, 2000 and 1999, respectively. Outstanding accounts receivable balances are reviewed periodically, and allowances are provided at such time that management believes reasonable doubt exists that such balances will be collected within a reasonable period of time.

Certain prior year sales to large natural gas distribution companies and compressor manufacturers in countries that were part of the former Soviet Union were on an open account basis. During the fourth quarter of fiscal 1998, economic uncertainties in Russia and the region deteriorated, and a severe devaluation of the region's currencies occurred. This created additional doubt concerning the collectibility of certain accounts receivable from customers in this region. In response to these events, Roper provided $3.8 million to fully reserve these receivables, except those from RAO Gazprom, a large Russian natural gas company.

Cash and Cash Equivalents - Roper considers highly liquid financial instruments with remaining maturities at acquisition of three months or less to be cash equivalents. At October 31, 2000 and 1999, Roper had no cash equivalents.

Earnings per Share - Basic earnings per share were calculated using net earnings and the weighted average number of shares of common stock outstanding during the respective year. Diluted earnings per share were calculated using net earnings and the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the respective year. Common stock equivalents consisted of stock options, and the effects of common stock equivalents were determined using the treasury stock method.

For the years ended October 31, 2000, 1999 and 1998, there were 9,000, none and 365,000 stock options outstanding at October 31, 2000, 1999 and 1998, respectively, that were not included in the determination of diluted earnings per share because doing so would have been antidilutive.

Estimates - - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Fair Value of Financial Instruments - Roper's long-term debt at October 31, 2000 included $125 million of fixed-rate term notes. Roper has determined that current comparable interest rates at October 31, 2000 were higher than the stated rates of the term notes by approximately one-fourth to one-third of a percentage point. A discounted cash flow analysis of anticipated cash flows using October 31, 2000 interest rates indicated that the fair values of the term notes were less than the face amounts of the term notes by $2.4 million at October 31, 2000. This amount is not reflected in Roper's basic financial statements. At October 31, 1999, Roper had a similar unrecorded asset of $2.5 million.

Most of Roper's other borrowings at October 31, 2000 were at various interest rates that adjust relatively frequently under its $275 million credit facility. The fair value for each of these borrowings at October 31, 2000 was estimated to be the face value of these borrowings.

In May 2000, Roper entered into a 3-year interest rate swap agreement for a notional amount of $25 million. Under this agreement, Roper received a fixed interest rate of 7.68% and paid a variable rate of 3-month LIBOR plus a margin. In November 2000, Roper entered into another agreement that effectively terminated this swap agreement for an insignificant gain.

In February 1998 and April 1998, Roper entered into five-year interest rate swap agreements for notional amounts of $50 million and $25 million, respectively. In both agreements, Roper paid a fixed interest rate, and the other party paid a variable interest rate. In June 1998, both of these agreements were amended to lower Roper's fixed interest rate obligations in exchange for granting the other party an option to extend the agreements for an additional five years. In May 2000, Roper effectively terminated these agreements and received $1.8 million. This gain is being amortized over the original term of the agreements.

The fair values for all of Roper's other financial instruments at October 31, 2000 approximated their carrying values.

Foreign Currency Translation - Assets and liabilities of foreign subsidiaries whose functional currency is not the U.S. dollar were translated at the exchange rate in effect at the balance sheet date, and revenues and expenses were translated at average exchange rates for the period in which those entities were included in Roper's financial results. Translation adjustments are reflected as a component of other comprehensive earnings.

Impairment of Long-Lived Assets - Roper periodically reviews its long-lived assets (mostly property, plant and equipment, identified intangible assets and goodwill) for events or changes in circumstances that may indicate that the carrying amount of these assets has been impaired. Impairment, especially with respect to goodwill, is evaluated by comparing the estimated undiscounted future cash flows of the related business to the carrying amount of the goodwill. Roper's review did not warrant recognition of any impairment during any of the three years in the period ended October 31, 2000.

Income Taxes - Roper is a U.S.-based multinational company and the calculation of its worldwide provision for income taxes requires analysis of many factors, including income tax structures that vary from country to country and the United States' treatment of non-U.S. earnings. United States income taxes, net of foreign taxes, have been provided on the undistributed earnings of non-U.S. subsidiaries, except in those instances where such earnings are currently expected to be permanently reinvested. If such permanently reinvested earnings were to be distributed or otherwise subject to U.S. income taxes, foreign tax credits would reduce the amount of income taxes otherwise due in the United States. Determination of the amount of unrecognized deferred income taxes related to these permanently reinvested earnings is not practical.

Certain assets and liabilities have different bases for financial reporting and income tax purposes. Deferred income taxes have been provided for these differences.

Intangible Assets - Intangible assets consisted principally of goodwill, which is amortized on a straight-line basis over periods ranging from 5 to 40 years. The accumulated amortization for intangible assets was $45.5 million and $32.3 million at October 31, 2000 and 1999, respectively. Roper accounts for goodwill in a purchase business combination as the excess of the cost over the fair value of net assets acquired. Other intangible assets not arising out of acquisitions are recorded at cost.

Inventories - - Inventories are valued at the lower of cost or market. Cost is determined using either the first-in, first-out method or the last-in, first-out method ("LIFO"). Inventories valued at LIFO cost comprised 11% and 15% of consolidated inventories at October 31, 2000 and 1999, respectively.

One of Roper's subsidiaries had a decrement in its LIFO reserve during fiscal 2000, 1999 and 1998. The impact of these decrements on Roper's results of operations was immaterial for each of these years.

Other Comprehensive Earnings - Comprehensive earnings includes net earnings and all other non-owner sources of changes in a company's net assets. The differences between net earnings and comprehensive earnings for Roper during fiscal 2000, 1999 and 1998 were currency translation adjustments. Income taxes have not been provided on currency translation adjustments.

Property, Plant and Equipment and Depreciation and Amortization - Property, plant and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20-30 years
Machinery	8-12 years
Other equipment	3-5 years

Recently Released Accounting and Reporting Pronouncements - Statement of Financial Accounting Standards ("SFAS") 133 - "Accounting for Derivative Instruments and Hedging Activities," establishes

accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires recognition of all derivatives as either assets or liabilities in the statement of financial position at their fair value. SFAS 133 was subsequently amended by SFAS 137 and SFAS 138 to, among other things, defer the effective date of SFAS 133 such that it is applicable to Roper beginning with its first quarter of fiscal 2001. Although Roper has had agreements in the past that would affect Roper's financial reporting under this new standard, there were no such agreements in place at October 31, 2000 that would have a significant effect on Roper's financial statements.

The Securities and Exchange Commission staff issued Staff Accounting Bulletin ("SAB") 101 - "Revenue Recognition in Financial Statements," that will be applicable to Roper in its first quarter of fiscal 2001. SAB 101 reflects the basic principles of revenue recognition in existing generally accepted accounting principles and does not supersede any existing authoritative literature. SAB 101 represents the interpretations and practices of the Securities and Exchange Commission in administering the disclosure requirements of the U.S. securities laws. Some of the topics addressed by SAB 101 include persuasive evidence of an arrangement, delivery or performance, customer acceptance and a fixed or determinable price. Once adopted, these guidelines are not expected to significantly affect Roper's revenue recognition practices.

Other accounting pronouncements have also been released whose effective dates were not yet applicable to Roper's fiscal 2000 financial statements. However, none of these other standards are expected to significantly affect Roper's future financial statements.

Reclassifications - - Certain reclassifications have been made to fiscal 1999 and fiscal 1998 information that was previously reported to be consistent with the presentation of fiscal 2000 information.

Research and Development - Research and development costs include salaries and benefits, rents, supplies, and other costs related to various products under development. Research and development costs are expensed in the period incurred and totaled $22.6 million, $16.7 million and $18.0 million for the years ended October 31, 2000, 1999 and 1998, respectively.

Revenue Recognition - Revenue is generally recognized as products are shipped or services are rendered. Some sales contracts contain customer acceptance provisions. When the customer's specifications are known and Roper can demonstrate compliance with these requirements, it recognizes revenue upon delivery of the product, which may precede formal acceptance by the customer. In isolated cases whereby relevant criteria have been satisfied, Roper may recognize revenue even though delivery has not occurred. Revenues under certain relatively long-term and relatively large-value construction projects are recognized under the percentage-of-completion method using the ratio of costs incurred to total estimated costs as the measure of performance. Estimated losses on any projects are recognized as soon as such losses become known.

Stock Options - Roper accounts for stock-based compensation under the provisions of Accounting Principles Board Opinion 25 — "Accounting for Stock Issued to Employees." Stock-based compensation is measured at its fair value at the grant date in accordance with an option-pricing model. SFAS 123 — "Accounting for Stock-Based Compensation," provides that the related expense may be recorded in the basic financial statements or the pro forma effect on earnings may be disclosed in the financial statements. Roper provides the pro forma disclosures.

Non-employee directors of Roper are eligible to receive stock options for its common stock. These stock options are accounted for the same as stock options granted to employees. Roper has never issued stock options other than those issued to employees or its non-employee directors.

(2) Business Acquisitions

Over the past three years, Roper completed nine business acquisitions in fiscal 2000, one in fiscal 1999 and four in fiscal 1998. All of these acquisitions were accounted for using the purchase method of accounting. The acquired assets and liabilities of the acquired businesses were recorded at their estimated fair values, and the results of operations were included in Roper's results of operations beginning from the date acquired. Some allocations of fair value associated with recent acquisitions included estimates and were preliminary as of October 31, 2000. Also at October 31, 2000, Roper had several unresolved issues with the sellers of acquired businesses, and the resolution of these issues could affect the purchase price. Roper does not expect that subsequent fair value revisions or purchase price revisions will be significant.

Acquisition costs include amounts paid to sellers, amounts incurred for due diligence and other direct external costs associated with the acquisition. Acquisitions whose costs were greater than 5% of Roper's

total assets at the beginning of the fiscal year during which the acquisition occurred are listed in the table below (acquisition costs in thousands). All acquisitions listed below were paid for with cash.

	Date Acquired	Acquisition costs	Business segment	Goodwill period
Hansen Technologies	Sep 2000	$35,583	Industrial Controls	25 years
Antek Instruments	Aug 2000	22,017	Analytical Instrumentation	30 years
Abel Pump	May 2000	23,161	Fluid Handling	30 years
MASD	Nov 1999	49,332	Analytical Instrumentation	25 years
Petroleum Analyzer	Jun 1999	36,439	Analytical Instrumentation	25 years
Photometrics	Mar 1998	36,400	Analytical Instrumentation	25 years

Hansen Technologies distributes manufactured and outsourced shut-off and control valves, auto-purgers and hermetic pumps for the commercial refrigeration industry. Hansen Technologies' principal facility is located near Chicago, Illinois.

Antek Instruments manufactures and supplies spectrometers primarily used to detect sulfur, nitrogen and other chemical compounds in petroleum, food and beverage processing and other industries. Antek Instruments' principal facilities are located in Houston and near Austin, Texas.

Abel Pump manufactures and supplies specialty positive displacement pumps for a variety of industrial applications, primarily involving abrasive or corrosive fluids or those with high solids content. Abel Pump's principal facility is located near Hamburg, Germany.

MASD designs, manufactures and markets high-speed digital cameras used in automotive, industrial, military and research markets. MASD also manufactures and markets high-resolution digital cameras for the machine vision and image conversion markets. MASD's principal facility is located in San Diego, California.

Petroleum Analyzer manufactures, markets and distributes instrumentation products for petroleum analysis in the laboratory and process markets. The acquired business has principal facilities in San Antonio, Texas and near Frankfurt, Germany. This business was merged into a pre-existing complementary business.

Photometrics manufactures and markets extremely sensitive cooled CCD cameras and detectors for primary and applied research markets. This business is located in Tucson, Arizona. Subsequent to its acquisition it was combined with a pre-existing complementary business.

Using applicable rules, the following unaudited pro forma summary presents Roper's consolidated results of operations as if the acquisitions during fiscal 2000 and 1999 had occurred at the beginning of fiscal 1999 (in thousands). However, actual results may have been different had the acquisitions occurred at an earlier date and this pro forma information provides no assurance as to future results.

	Year ended October 31,	
	2000	1999
Net sales	$ 556,685	$ 564,469
Net earnings	$ 49,383	$ 48,047
Net earnings per share:		
Basic	$ 1.62	$ 1.59
Diluted	$ 1.58	$ 1.55

(3) Supplemental Cash Flow Information

Supplemental cash flow information for the years ended October 31 was as follows (in thousands):

	2000	1999	1998
Cash paid for:			
Interest	$ 9,018	$ 7,471	$ 6,869

Income taxes, net of refunds received	$ 25,867	$ 20,826	$ 19,906
Noncash investing activities:			
Net assets of businesses acquired:			
Fair value of assets, including goodwill	$ 177,230	$ 42,770	$ 69,755
Liabilities assumed	(15,684)	(6,427)	(5,143)
Common shares issued	—	—	(1,936)
Cash paid, net of cash acquired	$ 161,546	$ 36,343	$ 62,676

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(4) Inventories

The components of inventories at October 31 were as follows (in thousands):

	2000	1999
Raw materials and supplies	$ 44,493	$ 27,811
Work in process	16,704	14,556
Finished products	24,187	15,724
LIFO reserve	(1,757)	(1,690)
	$ 83,627	$ 56,401

(5) Property, Plant and Equipment

The components of property, plant and equipment at October 31 were as follows (in thousands):

	2000	1999
Land	$ 2,277	$ 1,524
Buildings	21,263	20,604
Machinery, tooling and other equipment	78,289	58,712
	101,829	80,840
Accumulated depreciation and amortization	(52,922)	(46,043)
	$ 48,907	$ 34,797

(6) Accrued Liabilities

Accrued liabilities at October 31 were as follows (in thousands):

	2000	1999
Wages and other compensation	$17,929	$14,478
Commissions	6,889	4,317
Interest	6,074	355
Other	17,407	12,294
	$48,299	$31,444

(7) Income Taxes

Earnings before income taxes for the years ended October 31 consisted of the following components (in thousands):

	2000	1999	1998

United States	$61,074	$59,972	$48,065
Other	14,857	12,312	11,551
	$75,931	$72,284	$59,616

Components of income tax expense for the years ended October 31 were as follows (in thousands):

	2000	1999	1998
Current:			
Federal	$19,587	$16,317	$ 17,188
State	945	1,102	353
Foreign	5,559	5,449	3,941
Deferred expense (benefit)	562	2,070	(1,182)
	$26,653	$24,938	$ 20,300

Reconciliations between the statutory federal income tax rate and the effective income tax rate for the years ended October 31 were as follows:

	2000	1999	1998
Federal statutory rate	35.0%	35.0%	35.0%
Exempt income of Foreign Sales Corporation	(3.7)	(3.7)	(3.5)
Goodwill amortization	2.3	2.3	2.2
Other, net	1.5	0.9	0.4
	35.1%	34.5%	34.1%

Components of the deferred tax assets and liabilities at October 31 were as follows (in thousands):

	2000	1999
Deferred tax assets:		
Reserves and accrued expenses	$4,964	$3,455
Inventories	1,315	880
Research and development	800	250
Postretirement medical benefits	545	584
Amortizable intangible assets	—	811
Total deferred tax assets	7,624	5,980
Deferred tax liabilities:		
Plant and equipment	1,738	760
Former IC-DISC recapture	724	872
Amortizable intangible assets	365	—
Total deferred tax liabilities	2,827	1,632
Net deferred tax asset	$4,797	$4,348

Roper has not recognized a valuation allowance since management has determined that it is more likely than not that the results of future operations will generate sufficient taxable income to realize all deferred tax assets.

(8) Long-Term Debt

Total debt at October 31 consisted of the following (table amounts in thousands):

	2000	1999
$275 million credit facility	$107,581	$ —
7.58% Senior Guaranteed Secured Notes	40,000	—
7.68% Senior Guaranteed Secured Notes	85,000	—
$200 million U.S. revolving credit facility	—	109,000
$30 million German revolving credit facility	—	15,866
Other	8,728	5,650
Total debt	241,309	130,516
Less current portion	6,706	20,857
Long-term debt	$234,603	$109,659

In May 2000, Roper entered into two new credit agreements and simultaneously cancelled its then-existing $200 million U.S. revolving credit facility and its $30 million German revolving credit facility.

One of the new agreements was with a group of banks and provided for a $275 million credit facility consisting primarily of revolving loans, swing line loans and letters of credit. Up to $75 million of borrowings under this facility may be denominated in designated non-U.S. currencies. Interest on outstanding borrowings is influenced by the type and currency of the borrowings. Roper expects that the majority of the borrowings will be denominated in U.S. dollars and bear interest at EURIBOR plus a margin. The margin is influenced by certain financial ratios of Roper and can range from 0.625% to 1.125%. This facility also provides that Roper will maintain certain financial ratios addressing, among other things, coverage of fixed charges, total debt under other agreements, consolidated net worth and capital expenditures. Other costs and provisions of this facility are believed to be customary. Repayment of Roper's obligations under this facility is guaranteed by its domestic subsidiaries and the pledge of some of the stock of some of Roper's foreign subsidiaries. This agreement matures on May 18, 2005.

At October 31, 2000, utilization of the $275 million facility included $79.0 million of U.S. denominated borrowings, $28.6 million of borrowings denominated in Euros and $776,000 of outstanding letters of credit. The weighted average interest rate on outstanding borrowings at October 31, 2000 under this facility was 6.4%.

The other new May 2000 agreement was with a group of insurance companies that provided for $40 million of 7.58% term notes due May 18, 2007 and $85 million of 7.68% term notes due May 18, 2010. The guarantees, pledges and financial covenants associated with this agreement were similar, but slightly less restrictive, than those in the $275 million credit facility.

Future maturities of long-term debt during each of the next five years ending October 31 and thereafter were as follows (in thousands):

2001	$ 6,706
2002	277
2003	1,026
2004	183
2005	107,754
Thereafter	125,363
	$241,309

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(9) Retirement and Other Benefit Plans

Roper maintains two defined contribution retirement plans, under the provisions of Section 401(k) of the Internal Revenue Code, covering substantially all domestic employees not subject to collective bargaining agreements. Roper partially matches employee contributions. Its costs related to these two plans were $3,956,000, $3,269,000 and $3,293,000 in fiscal 2000, 1999 and 1998, respectively.

Roper also maintains various defined benefit retirement plans covering employees of non-U.S. subsidiaries and a plan that supplements certain employees for the contribution ceiling applicable to the Section 401(k) plans. The costs and accumulated benefit obligations associated with each of these plans were not material.

Pursuant to the fiscal 1999 Petroleum Analyzer acquisition, Roper agreed to assume a defined benefit pension plan covering certain U.S. employees subject to a collective bargaining agreement. Upon obtaining necessary regulatory approvals, Roper intends to terminate this plan. Total plan assets at October 31, 2000 were not material and the anticipated costs associated with terminating this plan were not expected to be material.

In November 1999, Roper's Board of Directors (the "Board") approved an employee stock purchase plan covering eligible employees whereby they may designate up to 10% of eligible earnings to purchase Roper's common stock at a 10% discount to the average closing price of its common stock at the beginning and end of a quarterly period. The common stock sold to the employees may be either treasury stock, stock purchased on the open market, or newly issued shares authorized by the Board on a periodic basis. During the year ended October 31, 2000, participants of the employee stock purchase plan purchased 9,000 shares of Roper's common stock for total consideration of $271,000. All of these shares were purchased from Roper's treasury shares.

(10) Common Stock Transactions

Roper's restated Certificate of Incorporation provides that each outstanding share of Roper's common stock entitles the holder thereof to five votes per share, except that holders of outstanding shares with respect to which there has been a change in beneficial ownership during the four years immediately preceding the applicable record date will be entitled to one vote per share.

Roper has a Shareholder Rights Plan whereby one Preferred Stock Purchase Right (a "Right") accompanies each outstanding share of common stock. Such Rights only become exercisable, or transferable apart from the common stock, ten business days after a person or group acquires various specified levels of beneficial ownership, with or without the Board's consent. Each Right may be exercised to acquire one one-thousandth of a newly issued share of Roper's Series A Preferred Stock, at an exercise price of $170, subject to adjustment. Alternatively, upon the occurrence of certain specified events, the Rights allow holders to purchase Roper's common stock having a market value at such time of twice the Right's exercise price. The Rights may be redeemed by Roper at a redemption price of $0.01 per Right at any time until the tenth business day following public announcement that a 20% position has been acquired or ten business days after commencement of a tender or exchange offer. The Rights expire on January 8, 2006.

Roper periodically enters into agreements with the management of newly-acquired companies for the issuance of Roper's common stock based on the achievement of specified goals. A similar agreement was made with a corporate executive. At October 31, 2000, 20,000 shares of common stock were reserved for future issuance under such agreements.

(11) Stock Options

Roper has two stock incentive plans (the "1991 Plan" and the "2000 Plan"), which authorize the issuance of up to 4,500,000 shares of common stock to certain directors, key employees, and consultants of Roper as incentive and/or nonqualified stock options, stock appreciation rights or equivalent instruments. Stock options under both plans may be granted at prices not less than 100% of market value of the underlying stock at the date of grant. All stock options granted under these plans vest annually and ratably over a five-year period from the date of the grant. Stock options expire ten years from the date of grant. The 1991 Plan provided that options must be granted by December 17, 2001. The 2000 Plan has no expiration date.

Roper also has a stock option plan for non-employee directors (the "Non-employee Director Plan"). The Non-employee Director Plan provides for each non-employee director appointed or elected to the Board initial options to purchase 4,000 shares of Roper's common stock and thereafter options to purchase an additional 4,000 shares each year under terms and conditions similar to the above-mentioned stock option plans, except that following their grant, all options become fully vested at the time of the Annual Meeting of Shareholders following the grant date and are exercisable ratably over five years following the date of grant.

A summary of stock option transactions under these plans and information about stock options outstanding at

October 31, 2000 are shown below:

	Outstanding options		Exercisable options	
	Number	Average exercise price	Number	Average exercise price
October 31, 1997	2,132,000	$14.51	995,000	$11.58
Granted	389,000	27.59		
Exercised	(316,000)	10.73		
Canceled	(118,000)	19.48		
October 31, 1998	2,087,000	17.24	1,109,000	13.08
Granted	350,000	18.71		
Exercised	(251,000)	13.66		
Canceled	(69,000)	22.22		
October 31, 1999	2,117,000	17.67	1,226,000	14.67
Granted	365,000	33.18		
Exercised	(320,000)	13.68		
Canceled	(79,000)	25.76		
October 31, 2000	2,083,000	$20.69	1,199,000	$16.45

	Outstanding options			Exercisable options	
Exercise price	Number	Average exercise price	Average remaining life	Number	Average exercise price
$ 3.75 - 10.00	196,000	$6.51	2.1 years	196,000	$6.51
10.01 - 15.00	196,000	11.81	4.0 years	196,000	11.81
15.01 - 20.00	761,000	17.36	5.3 years	512,000	17.12
20.01 - 25.00	288,000	23.00	6.2 years	179,000	23.02
25.01 - 30.00	276,000	27.27	7.1 years	104,000	27.34
30.01 - 35.84	366,000	33.17	9.0 years	12,000	32.72
$ 3.75 - 35.84	2,083,000	$20.69	5.9 years	1,199,000	$16.45

For pro forma disclosure purposes, the following fair values and the primary assumptions used to determine these fair values were used. All stock options granted during each of the years ended October 31, 2000, 1999 and 1998 were at exercise prices equal to the market price of Roper's common stock when granted.

	2000	1999	1998
Weighted average fair value per share ($)	15.37	8.95	11.73
Risk-free interest rate (%)	6.75	5.75	6.25
Average expected option life (years)	7.00	7.00	7.00
Expected volatility (%)	35-49	35-41	25-36
Expected dividend yield (%)	1.00	0.75	0.75

Had Roper recognized compensation expense during fiscal 2000, 1999 and 1998 for the fair value of stock options granted in accordance with the provisions of SFAS 123, pro forma earnings and pro forma earnings per share would have been as presented below.

	2000	1999	1998
Net earnings, as reported (in thousands)	$49,278	$47,346	$39,316
Net earnings, pro forma (in thousands)	45,385	44,177	36,094
Net earnings per share, as reported:			
Basic	1.62	1.56	1.27
Diluted	1.58	1.53	1.24
Net earnings per share, pro forma:			

Basic	1.49	1.46	1.16
Diluted	1.46	1.43	1.14

The disclosed pro forma effects on earnings do not include the effects of stock options granted prior to fiscal 1996 since the provisions of SFAS 123 are not applicable to stock options for this purpose. The pro forma effects of applying SFAS 123 to fiscal 2000, 1999 and 1998 may not be representative of the pro forma effects in future years. Based on the vesting schedule of Roper's stock option grants, the pro forma effects on earnings are most pronounced in the early years following each grant. The timing and magnitude of any future grants is at the discretion of Roper's Board and cannot be assured.

(12) Contingencies

Roper, in the ordinary course of business, is the subject of, or a party to, various pending or threatened legal actions, including those pertaining to product liability and employment practices. It is vigorously contesting all lawsuits that, in general, are based upon claims of the kind that have been customary over the past several years. Based upon Roper's past experience with resolution of its product liability and employment practices claims and the limits of the primary, excess, and umbrella liability insurance coverages that are available with respect to pending claims, management believes that adequate provision has been made to cover any potential liability not covered by insurance, and that the ultimate liability, if any, arising from these actions should not have a material adverse effect on the consolidated financial position or results of operations of Roper. Included in other noncurrent assets at October 31, 2000 are estimated insurable settlements receivable from insurance companies of $1.0 million.

(13) Segment and Geographic Area Information

Roper's operations are grouped into three business segments based on similarities between products and services: Industrial Controls, Fluid Handling and Analytical Instrumentation. The Industrial Controls segment's products include industrial valve, control and measurement products; microprocessor-based turbomachinery control systems and associated technical services; and vibration monitoring instruments. Products included within the Fluid Handling segment are rotary gear, progressing cavity, membrane, positive displacement, centrifugal and piston-type metering pumps; flow metering products; and precision integrated chemical dispensing systems. The Analytical Instrumentation segment's products include industrial fluid properties testing products, industrial leak testing products, digital imaging products, spectroscopy products and specimen preparation and handling equipment used in the operation of transmission electron and other microscopes. Roper's management structure and internal reporting are also aligned consistent with these three segments.

There were no material transactions between Roper's business segments during any of the three years ended October 31, 2000. Sales between geographic areas are primarily of finished products and are accounted for at prices intended to represent third-party prices. Operating profit by business segment and by geographic area is defined as sales less operating costs and expenses. These costs and expenses do not include unallocated corporate administrative expenses. Items below income from operations on Roper's statement of earnings are not allocated to business segments.

Identifiable assets are those assets used exclusively in the operations of each business segment or geographic area, or which are allocated when used jointly. Corporate assets were principally comprised of cash, recoverable insurance claims, deferred compensation assets, unamortized deferred financing costs and property and equipment.

Selected financial information by business segment for the years ended October 31 follows (in thousands):

	Industrial Controls	Fluid Handling	Analytical Inst.	Corporate	Total
2000					
Net sales	$159,262	$ 121,387	$223,164	$ —	$503,813
Operating profit	28,460	29,600	36,509	(6,373)	88,196
Total assets:					
Operating assets	77,772	57,590	117,174	—	252,536
Intangible assets, net	70,965	66,884	184,065	1,281	323,195
Other	3,695	(2,090)	7,312	12,254	21,171
Total	596,902				
Capital expenditures	3,936	6,380	4,773	61	15,150
Depreciation and amortization	5,095	4,921	11,988	294	22,298

ROPER INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
October 31, 2000, 1999 and 1998

	Industrial Controls	Fluid Handling	Analytical Inst.	Corporate	Total
1999					
Net sales	$160,090	$ 98,298	$148,868	$ —	$407,256
Operating profit	29,973	27,386	27,713	(7,117)	77,955
Total assets:					
Operating assets	55,704	37,245	88,405	—	181,354
Intangible assets, net	44,314	41,055	129,612	39	215,020
Other	3,411	(1,981)	6,408	15,951	23,789
Total	420,163				
Capital expenditures	1,935	1,702	1,425	86	5,148
Depreciation and amortization	4,398	3,474	7,795	299	15,966
1998					
Net sales	$177,258	$ 99,471	$112,441	$ —	$389,170
Operating profit	31,458	24,125	16,417	(5,908)	66,092
Total assets:					
Operating assets	65,127	35,843	61,036	—	162,006
Intangible assets, net	46,312	42,648	108,005	214	197,179
Other	5,015	(2,004)	7,533	11,804	22,348
Total	381,533				
Capital expenditures	2,139	1,706	1,475	182	5,502
Depreciation and amortization	4,331	3,440	6,195	468	14,434

Summarized data for Roper's U.S. and foreign operations (principally in Europe and Japan) for the years ended October 31 were as follows (in thousands):

	United States	Foreign	Corporate adjustments and elimi-nations	Total
2000				
Sales to unaffiliated customers	$370,351	$133,462	$ —	$503,813
Sales between geographic areas	29,435	6,958	(36,393)	—
Net sales	$399,786	$140,420	$(36,393)	$503,813
Long-lived assets	$327,311	$ 49,251	$ 6,385	$382,947
1999				
Sales to unaffiliated customers	$345,376	$ 61,880	$ —	$407,256
Sales between geographic areas	20,282	4,760	(25,042)	—
Net sales	$365,658	$ 66,640	$(25,042)	$407,256
Long-lived assets	$229,898	$ 27,795	$ 651	$258,344
1998				
Sales to unaffiliated customers	$336,985	$ 52,185	$ —	$389,170
Sales between geographic areas	12,385	5,077	(17,462)	—
Net sales	$349,370	$ 57,262	$(17,462)	$389,170
Long-lived assets	$230,769	$ 7,178	$ 3,734	$241,681

Export sales from the United States during the years ended October 31, 2000, 1999 and 1998 were $195 million, $163 million and $160 million, respectively. In the year ended October 31, 2000 these exports were shipped primarily to Europe, excluding Russia (30%), Japan (14%), Russia (21%), elsewhere in Asia and the Far East (12%) and Latin America (8%).

Sales to customers outside the United States accounted for a significant portion of Roper's revenues. Sales are attributed to geographic areas based upon the location where the product is shipped. Foreign countries that accounted for at least 10% of Roper's net sales in any of the past three years have been individually identified in the following table (in thousands). Other countries have been grouped by region.

	Industrial Controls	Fluid Handling	Analytical Inst.	Total
2000				
Europe, excluding Russia	$ 31,506	$10,811	$ 56,187	$ 98,504
Japan	822	7,767	27,783	36,372
Asia and Far East, excluding Japan	8,304	2,686	19,204	30,194
Russia	39,980	—	992	40,972
Latin America	8,436	881	9,085	18,402
Rest of the world	16,382	8,064	10,361	34,807
Total	$105,430	$30,209	$123,612	$259,251
1999				
Europe, excluding Russia	$ 26,219	$ 5,009	$ 39,586	$ 70,814
Japan	298	1,617	22,621	24,536
Asia and Far East, excluding Japan	9,044	1,663	7,122	17,829
Russia	36,715	16	232	36,963
Latin America	16,959	2,875	4,974	24,808
Rest of the world	20,113	7,461	4,178	31,752
Total	$109,348	$18,641	$ 78,713	$206,702
1998				
Europe, excluding Russia	$ 28,159	$ 4,720	$ 28,370	$ 61,249
Japan	165	3,704	15,701	19,570
Asia and Far East, excluding Japan	13,065	2,658	6,250	21,973
Russia	43,811	—	372	44,183
Latin America	15,021	1,827	2,668	19,516
Rest of the world	20,893	4,707	3,997	29,597
Total	$121,114	$17,616	$ 57,358	$196,088

(14) Quarterly Financial Data (unaudited)

	First quarter	Second quarter	Third quarter	Fourth quarter

	(In thousands, except per share data)			
2000				
Net sales	$109,453	$122,775	$124,583	$147,002
Gross profit	57,332	64,896	63,974	72,622
Operating profit	17,240	23,476	20,769	26,711
Net earnings	9,680	13,626	11,102	14,870
Earnings per common share:				
Basic	0.32	0.45	0.36	0.49
Diluted*	0.31	0.44	0.36	0.48
1999				
Net sales	$ 89,078	$100,452	$104,095	$113,631
Gross profit	43,644	52,887	54,258	59,714
Operating profit	13,496	20,143	21,184	23,132
Net earnings	7,840	12,039	12,796	14,671
Earnings per common share:				
Basic	0.26	0.40	0.42	0.48
Diluted	0.26	0.39	0.41	0.47

* The sum of the four quarters does not agree with the total for the year due to rounding.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES
Schedule II — Consolidated Valuation and Qualifying Accounts
for the Years ended October 31, 2000, 1999 and 1998

	Balance at beginning of year	Additions charged to costs and expenses	Deductions	Other	Balance at end of year
			(In thousands)		
Allowance for doubtful accounts:					
Year ended October 31, 2000	$3,760	$1,805	$(1,543)	$ 272	$ 4,294
Year ended October 31, 1999	6,915	1,618	(5,072)	299	3,760
Year ended October 31, 1998	1,866	4,643	(173)	579	6,915
Reserve for inventory obsolescence:					
Year ended October 31, 2000	6,769	2,636	(1,644)	2,943	10,704
Year ended October 31, 1999	4,081	2,257	(1,519)	1,950	6,769
Year ended October 31, 1998	2,053	1,558	(911)	1,381	4,081

Deductions from the allowance for doubtful accounts represented the net write-off of uncollectible accounts receivable. Deductions from the inventory obsolescence reserve represented the disposal of obsolete items.

Other included the allowance for doubtful accounts and reserve for inventory obsolescence of acquired businesses at the dates of acquisition, the effects of foreign currency translation adjustments for those companies whose functional currency was not the U.S. dollar, reclassifications and other.

During the fourth quarter of fiscal 1998, economic uncertainties in Russia and the region deteriorated and a severe devaluation of the region's currencies occurred. This created additional doubt concerning the collectibility of certain accounts receivable from customers in this region. In response to these events, Roper provided $3.8 million to fully reserve these receivables, except those from RAO Gazprom, a large Russian natural gas company. These fully-reserved accounts were written off during fiscal 1999.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

NOT APPLICABLE

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Reference is made to the information to be included under the captions “BOARD OF DIRECTORS AND EXECUTIVE OFFICERS — Proposal 1: Election of Three (3) Directors” and “ — Executive Officers”, and “VOTING SECURITIES — Compliance with Section 16 (a) of the Securities and Exchange Act of 1934” in Roper’s definitive Proxy Statement which relates to the 2001 Annual Meeting of Shareholders of Roper to be held on March 16, 2001 (the “Proxy Statement”), to be filed within 120 days after the close of Roper’s 2000 fiscal year, which information is incorporated herein by this reference.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information to be included under the captions “BOARD OF DIRECTORS AND EXECUTIVE OFFICERS — Meetings of the Board and Board Committees; Compensation of Directors”, “ — Compensation Committee Interlocks and Insider Participation in Compensation Decisions” and “ — Executive Compensation” contained in the Proxy Statement, which information is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Reference is made to the information included under the captions “VOTING SECURITIES” in the Proxy Statement, which information is incorporated herein by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not Applicable

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) The Consolidated Financial Statements listed in Item 8 of Part II are filed as a part of this Annual Report.

(a)(2) The following consolidated financial statement schedule on page S-1 is filed in response to this Item. All other schedules are omitted or the required information is either inapplicable or is presented in the consolidated financial statements or related notes:

II. Consolidated Valuation and Qualifying Accounts for the Years ended October 31, 2000, 1999 and 1998.

(b) Reports on Form 8-K

Roper did not file any Current Reports on Form 8-K during the fourth quarter of fiscal 2000.

(c) Exhibits

The following exhibits are separately filed with this Annual Report.

Exhibit No.	Description of Exhibit
2.1	Stock Purchase Agreement (Abel Pump)
2.2	Agreement and Plan of Merger (Antek Instruments)
2.3	Agreement and Plan of Merger (Hansen Technologies)
(a)3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock
(b)3.2	Amended and Restated By-Laws

(c)4.01 Rights Agreement between Roper Industries, Inc. and SunTrust Bank, Atlanta, Inc. as Rights Agent, dated as of January 8, 1996, including Certificate of Designation, Preferences and Rights of Series A Preferred Stock (Exhibit A), Form of Rights Certificate (Exhibit B) and Summary of Rights (Exhibit C)

(b)4.02 Credit Agreement Dated as of May 18, 2000

(b)4.03 Note Purchase Agreement Dated as of May 18, 2000

(a)10.01 1991 Stock Option Plan, as amended†

(d)10.02 Non-employee Director Stock Option Plan, as amended†

(e)10.03 Form of Amended and Restated Indemnification Agreement†

(f)10.04 Employee Stock Purchase Plan†

(f)10.05 2000 Stock Incentive Plan†

(b)10.06 Roper Industries, Inc. Non-Qualified Retirement Plan†

21 List of Subsidiaries

23.1 Consent of Independent Public Accountants - Arthur Andersen LLP

23.2 Consent of Independent Auditors - KPMG LLP

(a) Incorporated herein by reference to Exhibits 3.1 and 10.2 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.

(b) Incorporated herein by reference to Exhibits 3.2, 4.02, 4.03 and 10.06 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000.

(c) Incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996.

(d) Incorporated herein by reference to Exhibit 10.03 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 20, 1999.

(e) Incorporated herein by reference to Exhibit 10.04 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 31, 1999.

(f) Incorporated herein by reference to Exhibits 10.04 and 10.05 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed June 12, 2000.

† Management contract or compensatory plan or arrangement.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Roper has duly caused this Report to be signed on its behalf by the undersigned, therewith duly authorized**.**

ROPER INDUSTRIES, INC.
(Registrant)

By /S/ DERRICK N. KEY January 19, 2001

Derrick N. Key
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of Roper and in the capacities and on the dates indicated.

/S/ DERRICK N. KEY Derrick N. Key		Chairman of the Board, President and Chief Executive Officer	January 19, 2001
/S/ MARTIN S. HEADLEY Martin S. Headley		Vice President and Chief Financial Officer	January 19, 2001
/S/ KEVIN G. McHUGH Kevin G. McHugh		Controller	January 19, 2001
/S/ W. LAWRENCE BANKS W. Lawrence Banks		Director	January 19, 2001
/S/ LUITPOLD VON BRAUN Luitpold von Braun		Director	January 19, 2001
/S/ DONALD G. CALDER Donald G. Calder		Director	January 19, 2001
/S/ JOHN F. FORT, III John F. Fort, III		Director	January 19, 2001
/S/ WILBUR J. PREZZANO Wilbur J. Prezzano		Director	January 19, 2001
/S/ GEORG GRAF SCHALL-RIAUCOUR Georg Graf Schall-Riaucour		Director	January 19, 2001
/S/ ERIBERTO R. SCOCIMARA Eriberto R. Scocimara		Director	January 19, 2001
/S/ CHRISTOPHER WRIGHT Christopher Wright		Director	January 19, 2001

EXHIBIT INDEX

Number	**Exhibit**
(a)2.1	Stock Purchase Agreement (Abel Pump)
(b)2.2	Agreement and Plan of Merger (Antek Instruments)
(c)2.3	Agreement and Plan of Merger (Hansen Technologies)
3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock incorporated herein by reference to Exhibit 3.1 to the Roper Industries, Inc. Annual Report of Form 10-K filed January 21, 1998.
3.2	Amended and Restated By-Laws incorporated herein by reference to Exhibit 3.2 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000.

4.01	Rights Agreement between Roper Industries, Inc. and SunTrust Bank, Atlanta, Inc. as Rights Agent, dated as of January 8, 1996, including Certificate of Designation, Preferences and Rights of Series A Preferred Stock (Exhibit A), Form of Rights Certificate (Exhibit B) and Summary of Rights (Exhibit C), incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996.
4.02	Credit Agreement Dated as of May 18, 2000 incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000.
4.03	Note Purchase Agreement Dated as of May 18, 2000 incorporated herein by reference to Exhibit 4.03 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000.
10.01	1991 Stock Option Plan, as amended incorporated herein by reference to Exhibit 10.2 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
10.02	Non-employee Director Stock Option Plan, as amended incorporated herein by reference to Exhibit 10.03 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 20, 1999.
10.03	Form of Amended and Restated Indemnification Agreement incorporated herein by reference to Exhibit 10.04 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed August 31, 1999.

10.04	Employee Stock Purchase Plan incorporated herein by reference to Exhibits 10.04 and 10.05 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed June 12, 2000.
10.05	2000 Stock Incentive Plan incorporated herein by reference to Exhibits 10.05 and 10.05 to the Roper Industries, Inc. Quarterly Report on Form 10-Q filed June 12, 2000.
10.06	Roper Industries, Inc. Non-Qualified Retirement Plan incorporated herein by reference to Exhibit 10.06 to the Roper Industries, Inc. Form 10-Q filed September 13, 2000.
21	List of Subsidiaries
23.1	Consent of Independent Public Accountants — Arthur Andersen LLP
23.2	Consent of Independent Auditors — KPMG LLP

(a) The following schedules or similar attachments to this exhibit has been omitted and will be furnished supplementally upon request.

Disclosure Schedules

Section (c)(i)(D) — Consideration
Section 3(a) — Organization of Company and Subsidiaries
Section 3(b) — Trust Instruments
Section 3(c) — Noncontravention
Section 3(e) — Assets
Section 3(f) — Company Shares
Section 3(g) — Financial Statements
Section 3(h) — Events subsequent to 9/30/99
Section 3(i) — Undisclosed Liabilities
Section 3(k) — Tax Matters
Section 3(l) — Real Property
Section 3(m) — Intellectual Property
Section 3(p) — Contracts
Section 3(r) — Powers of Attorney
Section 3(s) — Insurance
Section 3(t) — Litigation
Section 3(u) — Product Warranty
Section 3(w) — Employees
Section 3(x) — Employee Benefits
Section 3(z) — Environment, Health & Safety
Section 3(aa) — Business relationships with the Company and its subsidiaries
Section 7 — Post Closing Covenants
Section 8(b) — Indemnification Provisions

Exhibits:
Exhibit A — Escrow Agreement
Exhibit B — Financial Statements

Exhibit C — Third party consents
Exhibit D — Noncompetition and Assignment of Inventions Agreement
Exhibit E — Indemnification and Release Agreement
Exhibit F — Omitted
Exhibit G — Opinions
Exhibit H — Opinions

(b) The following schedules or similar attachments to this exhibit has been omitted and will be furnished supplementally upon request.

Disclosure Schedules:

2(e)	Payment of Consideration to Stockholders
3(a)	Organization of the Companies and German Subsidiary
3(f)	Capitalization
3(g)	Financial Statements
3(h)	Events Subsequent to December 31, 1999
3(i)	Undisclosed Liabilities
3(j)	Legal Compliance
3(k)	Tax Matters
3(l)	Real Property
3(m)	Intellectual Property
3(o)	Inventory
3(p)	Contracts
3(q)	Notes and Accounts Receivable
3(r)	Powers of Attorney
3(s)	Powers of Attorney
3(s)	Insurance
3(t)	Litigation
3(u)	Product Warranty
3(w)	Employees
3(x)	Employee Benefits
3(z)	Environment, Health and Safety
3(aa)	Certain Business Relationships

Exhibits:

A	Escrow Agreement -
B	None
C	None
D	Noncompetition and Assignment of Inventions Agreement
E	Release Agreement
F	Consulting Agreement
G	Employment Agreement
H	Purchaser Opinion
I	Sellers Opinion

(c) The following schedules or similar attachments to this exhibit has been omitted and will be furnished supplementally upon request.

Disclosure Schedules:

3(a)(i)	Jurisdictions in which Hansen Technologies Corporation (the “Company”) is Qualified to conduct Business.
3(a)(ii)	Jurisdiction in which Hansen Technologies Limited (the “Subsidiary”) is Qualified to Conduct Business.
3(b)	Any required notices, authorizations, filings or approvals.

3(c)(ii)	Agreements, contracts, leases, licenses, instruments or other arrangements to which the Company or its Subsidiary is a party which require consent or notice as a result of the transaction.
3(e)	Assets used by the Company which are owned by a third party; Assets which are subject to a Security Interest.
3(f)	Number of Authorized, issued and Outstanding Equity Securities and the Names of the Record Owners of Such Securities of the Company and the Subsidiary.
3(f)(ii)	Restated and Amended Restricted Stock Plan
3(g)	Financial Statements of the Company and the Subsidiary
3(g)(i)	Financial Statements
3(g)(ii)	Financial Statements - None
3(h)	Changes in the business, financial conditions, operations or results of operations of the Company or its Subsidiary since December 31, 1999.
3(i)	Undisclosed Liabilities

3(j)	Legal Compliance - see Schedule 3(i)
3(k)(i)	Tax Extensions
3(k)(ii)	Failure of the Company to withhold taxes in connection with certain employees.
3(k)(iii)	List of all Federal, State, Local and Foreign Income Tax Returns Filed with Respect to the Company and its Subsidiary for Taxable Periods Ended on or After December 31, 1996.
3(l)(i)	Owned Real Property; Any contract affecting the Real Property
3(l)(ii)	All Real Property Leased to the Company and its Subsidiary
3(m)(iii)	Patents or Registrations which have been Issued or Transferred to the Company, its Subsidiary or the Stockholders
3(m)(iv)	Intellectual Property Owned by a Third Party and Used by the Company or its Subsidiary Pursuant to a License, Sublicense, Agreement or Permission
3(p)	Contracts and Agreements.
3(q)	Notes and Accounts Receivable
3(r)	Indebtedness
3(s)	Powers of Attorney
3(t)	Each Insurance Policy to Which the Company or its Subsidiary has been a Party, a Named Insured or Otherwise the Beneficiary of Coverage at any Time Within the Past Five (5) Years.
3(u)	Litigation
3(v)	Product Warranty
3(w)	Product Liability
3(x)	List of all present Employees, Consultants and Independent Contractors Employed by the Company and its Subsidiary
3(y)	All Employee Benefit Plans which are Presently in Effect or have Previously Been in Effect within the last five (5) years.
3(y)(viii)(C)	Any failures to file
3(aa)	Environmental Health and Safety
3(bb)	List of Stockholders who are also Employees
6(c)(v)	Capital Expenditure Commitments
7(e)	Employees Not Employed On an at-will basis

Exhibits:

A.	Stockholder Allocation Schedule
B.	Schedule of fees for Escrow Agent Services
C.	Noncompetition and Assignment of Inventions Agreement
D.	Employment Agreement
E.	Titles and Base Compensation
F.	Indemnification and Release Agreement
G.	Vedder, Price, Kaufman & Kammholz Opinion Letter

H.	Powell, Goldstein, Frazer & Murphy Opinion Letter
I.	Benefits

STOCK PURCHASE AGREEMENT

BY AND AMONG

ABEL L.P.,

ROPER INDUSTRIES, INC.,

AHC, INC.,

DR. GOERDT K. ABEL,

GOERDT K. ABEL IRREVOCABLE TRUST NO. 1,

AND

GOERDT K. ABEL IRREVOCABLE TRUST NO. 2

May 11, 2000

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this *"Agreement"*) is entered into on May 11, 2000, by and among **ABEL L.P.**, a Delaware limited partnership (the *"Buyer"*), **ROPER INDUSTRIES, INC.,** a Delaware corporation and parent of the Buyer (the *"Parent"*), **AHC, INC.,** a Pennsylvania corporation (the *"Company"*) and **DR. GOERDT K. ABEL**, an individual resident of Pennsylvania (*"Abel"*), **GOERDT K. ABEL IRREVOCABLE TRUST NO. 1**, and **GOERDT K. ABEL IRREVOCABLE TRUST NO. 2** (Abel and each of the foregoing individually a *"Stockholder"* and collectively the *"Stockholders"*). The Buyer, the Parent, the Company, and the Stockholders are referred to collectively herein as the *"Parties"*.

The Company, through its wholly-owned direct and indirect subsidiaries, Abel Pumps Corporation, Abel GmbH & Company KG, Abel Pumps, Ltd., and Abel Equipos S.A., manufactures, markets, sells and distributes hydraulic membrane pumps, solids handling pumps, electro-mechanical pumps, high pressure pumps, and marine pumps.

This Agreement contemplates a transaction in which the Buyer shall purchase one hundred percent (100%) of the outstanding capital stock of the Company from the Stockholders, and in connection therewith, the Stockholders will receive consideration in the form of cash.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS.

"*Adjustment Schedule*" has the meaning set forth in Section 2(g)(ii) below.

"*Adverse Consequences*" means all damages, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses suffered, incurred, paid or arising from all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings.

"*Affiliated Group*" means any affiliated group within the meaning of Code Section 1504(a) (or any similar group defined under a similar provision of state, local, or foreign law).

"*Aggregate Consideration*" has the meaning set forth in Section 2(b) below.

"*Applicable Rate*" means the corporate base rate of interest announced from time to time by the Bank of America.

"*Arbitrator*" has the meaning set forth in Section 2(g)(iv) below.

"*Basis*" means any past or present fact, situation, circumstance, status, condition, activity, practice, occurrence, event, incident, action, failure to act, or transaction that forms or could reasonably be expected to form the basis for any specified consequence.

"*BigMachines Agreement*" has the meaning set forth in Section 5(a)(xi) below.

"*BigMachines Escrow*" has the meaning set forth in Section 5(a)(xi) below.

"*Buchen Facility*" has the meaning set forth in Section 3(p)(ii) below.

"*Business*" means the business as conducted by the Company and its Subsidiaries.

"*Buyer*" has the meaning set forth in the preface above.

"*Certificates*" has the meaning set forth in Section 2(d) below.

"*Closing*" has the meaning set forth in Section 2(e) below.

"*Closing Date*" has the meaning set forth in Section 2(e) below.

"*COBRA*" has the meaning set forth in Section 3(x)(x) below.

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

"*Company*" has the meaning set forth in the preface above.

"*Company Disclosure Schedule*" has the meaning set forth in Section 3 below.

"*Company Plans*" has the meaning set forth in Section 3(x) below.

"*Company Shares*" means the shares of the Common Stock of the Company, par value $1.00 per share.

"*Confidential Information*" means: (a) confidential data and confidential information relating to the business of any Party (the "*Protected Party*") which is or has been disclosed to another Party (the "*Recipient*") or of which the Recipient became aware as a consequence of or through its relationship with the Protected Party and which has value to the Protected Party and is not generally known to its competitors and which is designated by the Protected Party as confidential; and (b) information of the Protected Party, without regard to form, including, but not limited to, Intellectual Property, technical or nontechnical data, algorithms, formulas, patents, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product or service plans or lists of customers or suppliers which is not known or generally available to the public and which information (i) derives economic value from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Notwithstanding anything to the contrary contained herein, Confidential Information shall not include any data or information that (v) has been voluntarily disclosed to the public by the Protected Party, (w) has been independently developed and disclosed to the public by others, (x)

otherwise enters the public domain without breach of this Agreement, (y) was already known by Recipient prior to such disclosure (as evidenced by written documentation) or was lawfully and rightfully disclosed to Recipient by another Person, or (z) that is required to be disclosed by law or order without the availability of applicable protective orders or treatment.

"*Deferred Closing Interest Rate*" means simple interest at a rate of 5.5% per annum, calculated on the basis of 365 days per year and actual days elapsed.

"*Employee Benefit Plan*" means any (i) nonqualified deferred compensation or retirement plan or arrangement, including any Employee Pension Benefit Plan (as defined in ERISA Section 3(2)), (ii) qualified defined contribution retirement plan or arrangement, including any Employee Pension Benefit Plan, (iii) qualified defined benefit retirement plan or arrangement, including any Employee Pension Benefit Plan (including any Multiemployer Plan), (iv) employee welfare benefit plan, including any Employee Welfare Benefit Plan (as defined in ERISA Section 3(1)), (v) fringe benefit plan or program, and (vi) each written employment, severance, salary continuation or other contract, incentive plan, insurance plan arrangement, bonus plan and any equity plan or employee benefit arrangement applicable to employees of the Company or its Subsidiaries, excluding any such arrangement or social benefit scheme required generally of employers under applicable law in jurisdictions other than the United States.

"*Environmental, Health, and Safety Laws*" means the (1) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other US laws (including rules, regulations, codes, and permits, thereunder) of federal, state and local governments (and all agencies thereof) concerning pollution or protection of the environment, natural resources, or employee health and safety, including, but not limited to, laws relating to emissions, discharges, releases, or threatened releases of Hazardous Substances in ambient air, surface water, drinking water, wetlands, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes; and (2) applicable laws and regulations in those jurisdictions other than the United States in which the Company and its Subsidiaries have operations or conduct their Business, which laws regulate (a) the protection or preservation of the environment, natural resources or worker health and safety, or (b) the discharge, disposal, transportation or handling of materials or substances deemed hazardous or toxic to the environment or human health and safety.

"*Equity Rights*" has the meaning set forth in Section 6 below.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Escrow Agent*" means SunTrust Bank, N.A.

"*Escrow Agreement*" means the Escrow Agreement dated the Closing Date, entered into among the Parent, the Buyer, the Stockholders, and the Escrow Agent with respect to the indemnification obligations of the Stockholders under Section 8 of this Agreement, the form of which is set forth as Exhibit A.

"*European Subsidiaries*" means those direct and indirect Subsidiaries of the Company as follows: Abel GmbH & Company KG, a limited partnership organized under the laws of Germany, Abel Pumps, Ltd., a corporation organized under the laws of the United Kingdom, and Abel Equipos S.A., a sociedad anonima organized under the laws of Spain.

"*Extremely Hazardous Substance*" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended.

"*Fiduciary*" has the meaning set forth in ERISA Section 3(21).

"*Financial Statements*" has the meaning set forth in Section 3(g) below.

"*First Escrow Period*" has the meaning set forth in Section 8(b)(v) below.

"*Foreign Plans*" has the meaning set forth in Section 3(x)(ii) below.

"*GAAP*" means United States generally accepted accounting principles as in effect as of the date hereof.

"*Hazardous Substance*" means any substance regulated under or defined by United States federal Environmental, Health, and Safety Laws, including, but not limited to, any pollutant, contaminant, hazardous substance, hazardous constituent, hazardous waste, special waste, solid waste, industrial waste, petroleum derived substance or waste, or toxic substance.

"*Indebtedness*" means (i) all indebtedness for borrowed money or for the deferred purchase price of property or services (including, without limitation, reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), including the current portion of such indebtedness, (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, and (iii) including all accrued and unpaid interest thereon.

"*Indemnified Party*" has the meaning set forth in Section 8(d) below.

"*Indemnifying Party*" has the meaning set forth in Section 8(d) below.

"*Intellectual Property*" means, with respect to the Business:

(a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, regardless of the granting jurisdiction, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof;

(b) all trademarks, service marks, trade dress, logos, trade names and corporate names, regardless of the jurisdiction of registration, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith;

(c) all copyrightable works, all copyrights, regardless of the granting jurisdiction, and all applications, registrations, and renewals in connection therewith;

(d) all mask works and all applications, registrations, and renewals in connection therewith;

(e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals);

(f) all computer software (including data and related documentation);

(g) all other proprietary intellectual property rights; and

(h) all copies and tangible embodiments thereof (in whatever form or medium).

"*Inventory Count*" has the meaning set forth in Section 2(g)(iii) below.

"*Knowledge*" means, with respect to Abel, the actual knowledge of Abel after reasonable investigation, and means, with respect to the Company and its Subsidiaries, the knowledge of Abel and the management employees of the Company and its Subsidiaries with respect to which the applicable representation or warranty applies.

"*Leased Real Property*" has the meaning set forth in Section 3(l) below.

"*Liability*" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"*March 31 Balance Sheet*" has the meaning set forth in Section 2(g)(ii) below.

"*Multiemployer Plan*" has the meaning set forth in ERISA Section 3(37).

"*Net Working Capital*" means the excess of total current assets, including without limitation cash, accounts receivable (excluding any receivable owed by Abel, including without limitation the receivable with respect to the Steinach Property Transfer), inventories (calculated at average cost), and other accrued current assets, over total current liabilities, including without limitation accounts payable, employee compensation, customer advances, provisions for future losses, accrued Tax Liability with respect to German municipal trade Taxes (the "German Trade Tax") and other accrued current liabilities (but excluding Indebtedness and excluding accrued Tax Liability (except for the German Trade Tax set forth above) with respect to the earnings of the Company and its Subsidiaries through March 31, 2000) of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP. Amounts recorded in currency other than U.S. Dollars shall be valued based upon the exchange rate in the *Wall Street Journal* (U.S. edition) published on March 31, 2000.

"*Ordinary Course of Business*" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"*Party*" has the meaning set forth in the preface above.

"*Person*" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture or a governmental entity (or any department, agency, or political subdivision thereof).

"*Premises*" has the meaning set forth in Section 5(a)(xii) below.

"*Product Warranty Claims*" means claims of the customers of the Company and its Subsidiaries and/or users made at any time following Closing in the Ordinary Course of Business with respect to products leased or sold and delivered by the Company and its Subsidiaries on or prior to the Closing Date which (i) are based solely on the Company's and its Subsidiaries' written product warranties disclosed to the Buyer, and (ii) are only for the repair or replacement remedies expressed in such written product warranties.

"*Prohibited Transaction*" has the meaning set forth in Section 3(x)(xi)(B) below.

"*Purchase Price Adjustment*" has the meaning set forth in Section 2(g)(i) below.

"*Real Property*" means, collectively, the real property interests of the Company and its Subsidiaries, wherever located, but excluding Leased Real Property (as defined in Section 3(l)(ii)).

"*Real Property Commitment*" has the meaning set forth in Section 5(a)(xii) below.

"*Second Escrow Period*" has the meaning set forth in Section 8(b)(v) below.

"*Security Interest*" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens incurred in the Ordinary Course of Business not yet due and payable, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"*Steinach Property Transfer*" means the sale, transfer, assignment, grant, gift or other conveyance of real property in Germany prior to the Closing Date by the Company or any corporation, partnership or other person or entity affiliated with the Company or the Stockholders, including without limitation three (3) parcels of real property located in Steinach, Germany.

"*Stock Purchase Consideration*" has the meaning set forth in Section 2(b) below.

"*Stockholders*" has the meaning set forth in the preface above.

"*Subsidiary*" means any corporation, limited partnership, limited liability company, sociedad anonima, GmbH, GmbH & Co. KG, company organized under the Companies Act of 1989 (United Kingdom) or other legal entity (regardless of the jurisdiction of organization) with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock, units or equivalent voting equity interests or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or managing directors (Geschaftsfuhrer) or general partners or the equivalent or has the power by contract or otherwise to direct or cause the direction of the management plans and policies of such entity, and means specifically, with respect to the Company, each of Abel Pumps Corporation, a Pennsylvania corporation, Abel GmbH & Company KG, a limited partnership organized under the laws of Germany, Abel Pumps, Ltd., a corporation organized under the laws of the United Kingdom, and Abel Equipos S.A., a corporation organized under the laws of Spain.

"*Takeover Proposal*" means any written inquiry, proposal or offer from any Person relating to (A) any direct or indirect acquisition or purchase of (i) the assets of the Company or any of its Subsidiaries outside of the Ordinary Course of Business, or (ii) any securities of the Company or any of its Subsidiaries (other than the transactions contemplated by this Agreement), or (B) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries.

"*Tax*" means any federal, state, local, or foreign (including, but not limited to, those of Germany, Spain, United Kingdom or European Union) income, built-in gains (within the meaning of Code Section 1374 or any comparable foreign, state or local provisions), gross receipts, excess net passive income (within the meaning of Code Section 1375 or any comparable foreign, state or local provisions), license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, retailer's occupation taxes and other taxes commonly understood to be sales or use taxes, estimated, or other tax of any kind

whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, and includes, with respect to Abel GmbH & Company KG, a limited partnership organized under the laws of Germany, German taxes as defined in Section 3, paragraph 1 of the German General Tax Code, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, including without limitation supplementary taxes as defined in Section 3, paragraph 3 of the German General Tax Code.

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

"*Third Escrow Period*" has the meaning set forth in Section 8(b)(v).

"*Third Party Claim*" has the meaning set forth in Section 8(d)(i) below.

"*Transaction Escrow*" has the meaning set forth in Section 8(b)(vi) below.

"*Trust No. 1 Trust Instrument*" has the meaning set forth in Section 3(b) below.

"*Trust No. 2 Trust Instrument*" has the meaning set forth in Section 3(b) below.

"*Undisclosed Liabilities*" has the meaning set forth in Section 3(i) below.

"*US Plans*" has the meaning set forth in Section 3(x)(ii) below.

"*US Subsidiary*" means Abel Pumps Corporation, a Pennsylvania corporation.

2. PURCHASE OF THE COMPANY SHARES.

(a) *Purchase and Sale of Company Shares.* On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Buyer will purchase, acquire and accept from the Stockholders, and the Stockholders will sell, assign, convey and deliver to the Buyer, all of their right, title, and interest in and to the Company Shares, free and clear of any Security Interest.

(b) *Consideration.* At Closing, all of the Company Shares shall represent the right to receive in the manner provided in Section 2(c) below, Twenty Five Million Two Hundred Thousand United States Dollars (US$25,200,000.00), subject to post-Closing adjustment as provided in Section 2(g) below (the "*Aggregate Consideration*") less the reductions described in Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(D), and Section 2(c)(i)(D) below (the net amount referred to as the "*Stock Purchase Consideration*").

(c) *Reduction from Aggregate Consideration.* At the Closing Date, the Aggregate Consideration shall be reduced as follows:

(A) US$2,251,151.13, which represents an estimate of the amount of the Indebtedness of the Company and its Subsidiaries as of the Closing Date;

(B) US$132,170 (the US$ equivalent of DM275,000), which represents the receivable on the books of the Company with respect to the Steinach Property Transfer, shall be paid to the Company in cancellation and in satisfaction of such receivable, and in cancellation and satisfaction of the receivable on the books of the Company with respect to the transfer of all of the issued and outstanding capital stock of Abel Beteiligungs GmbH, a corporation organized under the laws of Germany, from the Company to Abel;

(C) US$431,788.47, which represents dividends and other distributions to the Stockholders made by the Company and its Subsidiaries after March 31, 2000;

(D) US$2,600,000 shall be paid to the Escrow Agent, to be held and disbursed as provided in Section 8 below and the Escrow Agreement; and

(E) the balance of the Stock Purchase Consideration shall be paid to a bank or other account designated in writing to the Buyer by Abel at least two business days prior to the Closing Date by wire transfer or other immediately available funds, which amount, plus interest on such amount at the Deferred Closing Interest Rate from March 31, 2000, through the Closing Date, shall be paid to the Stockholders, pro rata based on the number of Company Shares held by each Stockholder as set forth in Section 2(c)(i)(E) of the Company Disclosure Schedule.

(d) *Surrender of Company Share Certificates.* At the Closing, each Stockholder shall deliver an executed letter of transmittal, in a form reasonably satisfactory to the Parent, together with those original certificates that immediately prior to the Closing Date represented the Company Shares held by the Stockholders, or a duly executed affidavit of lost certificate and indemnity for any certificate which has been lost, stolen, seized or

destroyed (the "*Certificates*"), to the Parent. Upon the surrender of Certificates to the Parent, the Stockholders shall be entitled to receive in exchange therefor the Stock Purchase Consideration in accordance with the provisions of this Agreement.

(e) *The Closing.* The closing of the transactions contemplated by this Agreement (the "*Closing*") shall take place at the offices of Powell, Goldstein, Frazer & Murphy LLP, 191 Peachtree Street, NE, 16th Floor, Atlanta, Georgia 30303, at 9:00 a.m., on May ____, 2000, or such other date and time, or in such other manner, as the Parties may agree (the *"Closing Date"*).

(f) *Deliveries at the Closing.*(i) At the Closing, the Company and the Stockholders will deliver to the Parent and the Buyer the various certificates, instruments, and documents referred to in Section 5(a) below; (ii) the Parent and the Buyer will deliver to the Company and the Stockholders the various certificates, instruments, and documents referred to in Section 5(b) below; (iii) the Company and the Stockholders will execute, acknowledge (if appropriate), and deliver to the Parent and the Buyer such documents as the Parent, the Buyer and their counsel may reasonably request; (iv) the Buyer will execute, acknowledge (if appropriate), and deliver to the Company such documents as the Company and the Stockholders and their counsel reasonably may request; and (v) the Buyer will deliver to the Stockholders, and others specified in Section 2(c), the Aggregate Consideration.

(g) Minimum Working Capital Purchase Price Adjustment.

(i) The Purchase Price shall be (i) reduced on a dollar-for-dollar basis to the extent that the Net Working Capital of the Company and its Subsidiaries as of the commencement of business on March 31, 2000, is less than US$5,700,000, and to the extent the Indebtedness of the Company and its Subsidiaries as of the Closing Date, is greater than US$2,251,151.13, and (ii) increased on a dollar-for-dollar basis to the extent that the Net Working Capital of the Company as of the commencement of business on March 31, 2000, is greater than US$5,700,000, and to the extent the Indebtedness of the Company and its Subsidiaries as of the Closing Date is less than US$2,251,151.13. Any increase or decrease in the Purchase Price pursuant to this Section 2(g) shall be referred to as a "Purchase Price Adjustment".

(ii) The Company shall conduct, or cause its auditors to conduct, an accounting of the Business as of March 31, 2000, including without limitation a full physical count of the inventory (the "Inventory Count"). No later than forty five (45) days after the Closing Date, the Parent shall deliver to Abel (i) a balance sheet and a statement of operations for the period ended as the commencement of business on March 31, 2000, which balance sheet and statement of operations shall be prepared in accordance with GAAP and, to the extent consistent with GAAP, in a manner consistent with historical balance sheet and accounting methodology of the Company and its Subsidiaries (the *"March 31 Balance Sheet"*), and (ii) a separate certificate calculating Net Working Capital as of the commencement of business as of March 31, 2000, based on the March 31 Balance Sheet, and showing any calculations with respect to any necessary Purchase Price Adjustment (the *"Adjustment Schedule"*).

(iii) Abel and his auditors shall have the right to review, for a period not exceeding forty-five days (45) days following the date of the Parent's submission of the March 31 Balance Sheet and Adjustment Schedule to Abel, all aspects of the Parent's accounting, including, without limitation, its workpapers (the *"Review"*).

(iv) If, following and subject to the Review, Abel and the Parent agree on the amount of the Net Working Capital as reflected on the Adjustment Schedule, such amount shall be conclusive and binding on all parties and paid in conformity with subsection (v) below. If, following and subject to the Review, Abel and the Parent disagree as to the amount of the Net Working Capital as reflected in the Adjustment Schedule and such disagreement cannot be resolved within forty-five (45) days after the completion of the Review, then said dispute shall be submitted by either party to the Pittsburgh, Pennsylvania office of PriceWaterhouseCoopers, LLP (the *"Arbitrator"*) for final and binding resolution. Each of the Parent and Abel shall submit a position statement setting forth its or his explanation of the appropriate amount of the Net Working Capital (the *"Position Statements"*). The Arbitrator shall review the Position Statements and such other information as it shall deem to be reasonably necessary to make its determination. The Arbitrator shall act as an arbitrator and shall issue its report as to the Net Working Capital and the determination of the Purchase Price Adjustment reflected in the Adjustment Schedule within sixty (60) days after such dispute is referred to the Arbitrator. Abel on the one hand, and the Parent on the other hand, shall bear all costs and expenses incurred by it in connection with such arbitration, except that the Party whose Position Statement varies by the widest margin from the decision of the Arbitrator shall be responsible for all of the fees and expenses of the Arbitrator hereunder; *provided, however*, that if both Parties' respective Position Statements are within ten percent (10%) of the final award, the fees and expenses of the Arbitrator will be shared equally by the Parties. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the Arbitrator in accordance with the provisions hereof shall be final and binding with respect to the Net Working Capital and there shall be no right of appeal therefrom.

(v) If, based on the Adjustment Schedule as finally determined, there is a Purchase Price Adjustment as

set forth in Section 2(g)(i), the net amount shall be paid to the Buyer or to the Stockholders, as applicable. Final amounts due hereunder shall be paid no later than five (5) business days following Abel's agreement with the Parent's calculation of the Purchase Price Adjustment, or in the event of a disagreement, following the resolution of such disagreement by written agreement of the Parent and Abel, or the determination of the Arbitrator pursuant to Section 2(g)(iv) above.

3. REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS.

The Stockholders, jointly and severally, represent and warrant to the Parent and the Buyer that the statements contained in this Section 3 are true, correct and complete as of the date hereof, and will be true, correct and complete as of the Closing Date, except as specified to the contrary in the corresponding paragraph of the disclosure schedule prepared by the Company and Abel accompanying this Agreement and initialed by Abel and the Buyer (the "*Company Disclosure Schedule*"). The Company Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 3.

(a) *Organization of the Company and its Subsidiaries.*

(i) The Company is a corporation duly organized, validly existing, and subsisting under the laws of the Commonwealth of Pennsylvania and is duly qualified to conduct business in every jurisdiction where such qualification is required, except where the failure to be so qualified would not materially affect the Business. The jurisdictions in which the Company is currently qualified are set forth on Section 3(a)(i) of the Company Disclosure Schedule. Abel is the record and beneficial owner of 84.32% of the issued and outstanding capital stock of the Company. Goerdt K. Abel Irrevocable Trust No. 1 is the record and beneficial owner of 7.84% of the issued and outstanding capital stock of the Company. Goerdt K. Abel Irrevocable Trust No. 2 is the record and beneficial owner of 7.84% of the issued and outstanding capital stock of the Company.

(ii) Abel Pumps Corporation is a Subsidiary of the Company, and is a corporation duly organized, validly existing, and subsisting under the laws of the Commonwealth of Pennsylvania and is duly qualified to conduct business in every jurisdiction where such qualification is required, except where the failure to be so qualified would not materially affect the Business. The jurisdictions in which Abel Pumps Corporation is currently qualified are set forth on Section 3(a)(ii) of the Company Disclosure Schedule. The Company is the sole record and beneficial owner of the issued and outstanding capital stock of Abel Pumps Corporation.

(iii) Abel GmbH & Company KG is a Subsidiary of the Company, and is a limited partnership duly organized, validly existing, and in good standing under the laws of Germany and is duly qualified to conduct business in every jurisdiction where such qualification is required, except where the failure to be so qualified would not materially affect the Business. The jurisdictions in which Abel GmbH & Company KG is currently qualified are set forth on Section 3(a)(iii) of the Company Disclosure Schedule. Through May 10, 2000, Abel Beteiligungs GmbH was the sole record and beneficial owner of the general partnership interest of Abel GmbH & Company KG. The Company is the sole record and beneficial owner of the limited partnership interest of Abel GmbH & Company KG.

(iv) Through May 10, 2000, Abel Beteiligungs GmbH was a Subsidiary of the Company and the general partner of Abel GmbH & Company KG, and the Company was the sole record and beneficial owner of the issued and outstanding capital stock of Abel Beteiligungs GmbH. As of May 10, 2000, the Company transferred all of its right, title and interest in Abel Beteiligungs GmbH to Abel.

(v) Abel Pumps, Ltd. is an indirect Subsidiary of the Company and a direct Subsidiary of Abel GmbH & Company KG, and is a company duly organized, validly existing, and in good standing under the laws of the United Kingdom and is duly qualified to conduct business in every jurisdiction where such qualification is required, except where the failure to be so qualified would not materially affect the Business. The jurisdictions in which Abel Pumps, Ltd. is currently qualified are set forth on Section 3(a)(v) of the Company Disclosure Schedule. Abel GmbH & Company KG is the sole record and beneficial owner of the issued and outstanding share capital of Abel Pumps, Ltd.

(vi) Abel Equipos S.A. is an indirect Subsidiary of the Company and a direct Subsidiary of Abel GmbH & Company KG, and is a sociedad anonima duly organized, validly existing, and in good standing under the laws of Spain and is duly qualified to conduct business in every jurisdiction where such qualification is required, except where the failure to be so qualified would not materially affect the Business. The jurisdictions in which Abel Equipos S.A. is currently qualified are set forth on Section 3(a)(vi) of the Company Disclosure Schedule. Abel GmbH & Company KG is the sole record and beneficial owner of the issued and outstanding share capital of Abel Equipos S.A.

(b) *Authorization of Transaction*. The Company and the Stockholders have full power and authority (including, with respect to the Company, full corporate power and authority) to execute and deliver this Agreement and to

perform its or his obligations hereunder. Without limiting the generality of the foregoing, the board of directors of the Company, and the Stockholders of the Company, have duly authorized the execution, delivery, and performance of this Agreement by the Company. Goerdt K. Abel Irrevocable Trust No. 1 is valid and existing under the laws of the Commonwealth of Pennsylvania, and the trustee of the Goerdt K. Abel Irrevocable Trust No. 1, Godard Abel, has the full power and authority, pursuant to the terms of the Goerdt K. Abel Irrevocable Trust No. 1 Trust Agreement by and between Goerdt K. Abel and Godard Abel dated December 30, 1999 (the "Trust No. 1 Trust Instrument") to enter into this Agreement on behalf of the beneficiaries of Goerdt K. Abel Irrevocable Trust No. 1 and to cause the Goerdt K. Abel Irrevocable Trust No. 1 to sell, assign, convey and deliver to the Buyer all of the Company Shares held as the corpus of the Goerdt K. Abel Irrevocable Trust No. 1 and otherwise perform its obligations under the Agreement. Goerdt K. Abel Irrevocable Trust No. 2 is valid and existing under the laws of the Commonwealth of Pennsylvania, and the trustee of the Goerdt K. Abel Irrevocable Trust No. 2, Margell Abel, has the full power and authority, pursuant to the terms of the Goerdt K. Abel Irrevocable Trust No. 2 Trust Agreement by and between Goerdt K. Abel and Margell Abel dated December 30, 1999 (the "Trust No. 2 Trust Instrument") to enter into this Agreement on behalf of the beneficiaries of the Goerdt K. Abel Irrevocable Trust No. 2 and to cause the Goerdt K. Abel Irrevocable Trust No. 2 to sell, assign, convey and deliver to the Buyer all of the Company Shares held as the corpus of the Goerdt K. Abel Irrevocable Trust No. 2 and otherwise perform its obligations under the Agreement. This Agreement constitutes the valid and legally binding obligation of the Company and the Stockholders, enforceable in accordance with its terms and conditions, except as otherwise limited by bankruptcy, insolvency, fraudulent conveyance, moratorium, preference and other similar laws providing for the protection of creditors'rights generally. Except as set forth on Section 3(b) of the Company Disclosure Schedule, neither the Company, the Subsidiaries of the Company, nor the Stockholders need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any United States, Germany, United Kingdom, Spain, or other European Union governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

(c) *Noncontravention.* Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Company, the Subsidiaries of the Company, or the Stockholders are subject, any provision of the Trust No. 1 Trust Instrument or the Trust No. 2 Trust Instrument, or any provision of the articles of incorporation or the bylaws of the Company or the Subsidiaries of the Company, or (ii) except as set forth on Section 3(c) of the Company Disclosure Schedule and Section 3(l)(ii)(B) of the Company Disclosure Schedule, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Company, the Subsidiaries of the Company, or the Stockholders are a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets). The transfer from Abel to the Goerdt K. Abel Irrevocable Trust No. 1 of 7.84% of the Company Shares, and the transfer from Abel to the Goerdt K. Abel Irrevocable Trust No. 2 of 7.84% of the Company Shares, does not and will not cause the Company and its US Subsidiary not to have in effect valid and binding elections to be treated as an "S Corporation" and a "qualified subchapter S subsidiary" within the meaning of Code Sections 1361 et. seq. for federal income tax purposes.

(d) *Brokers' Fees*. Neither the Company, the Subsidiaries of the Company, nor the Stockholders have incurred any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement, except the fees and expenses of the Nassau Group, Inc., which shall be paid by the Stockholders.

(e) *Title to Assets and Company Shares*. The assets of the Company and its Subsidiaries owned or leased by such constitute all of the property and assets used by the Company and its Subsidiaries or necessary to conduct the Business as presently conducted. Except as otherwise set forth on Section 3(e) of the Company Disclosure Schedule, and except for the assets which are the subject of the leases otherwise referred to in the Company Disclosure Schedule, the Company and its Subsidiaries have good title to all of such assets free and clear of any Security Interest. Each Stockholder has the right to convey, and upon the transfer of the Company Shares to the Buyer, each Stockholder will have conveyed, good title and interest in and to the Company Shares free and clear of all Security Interests.

(f) *Capitalization; Company Shares.*

(i) Section 3(f) of the Company Disclosure Schedule sets forth the number of authorized, issued, and outstanding equity securities of the Company and each of its Subsidiaries, and indicates the record and beneficial owners of such securities. The equity securities of each of the Subsidiaries of the Company set forth on Section 3(f) of the Company Disclosure Schedule constitute all of the issued and outstanding capital stock or the equivalent of each such Subsidiary of the Company, are validly issued, fully paid and non-assessable and owned, beneficially and of record, by the stockholders set forth on Section 3(f) of the Company Disclosure Schedule, and none of such equity securities are subject to, nor have any been issued in violation of, pre-emptive or similar rights.

(ii) The Company Shares constitute all of the issued and outstanding capital stock of the Company, are validly issued, fully paid and non-assessable and owned, beneficially and of record, by the Stockholders as disclosed in Section 3(f)(ii) of the Company Disclosure Schedule, and none of the Company Shares are subject to, nor have any been issued in violation of, pre-emptive or similar rights.

(iii) All issuances, sales and repurchases of equity interests by the Company and its Subsidiaries have been effected in compliance with all applicable laws, including, without limitation, applicable foreign, federal and state securities laws. The Stockholders have good title to the Company Shares, free and clear of any Security Interest or restriction on transfer. The stock ledger and other corporate records of the Company and its Subsidiaries contain a complete and correct record of all issuances and transfers of equity interests of the Company and its Subsidiaries. No options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating the Company and its Subsidiaries, contingently or otherwise, to issue or sell any shares of its common stock or any securities convertible into or exchangeable for any such shares or any other securities, are outstanding.

(g) *Financial Statements*. Attached hereto as Exhibit B are audited consolidated balance sheets and related consolidated statements of income and retained earnings, comprehensive income and cash flow of the Company and Subsidiaries as of September 30, 1999, unaudited consolidated balance sheets and related consolidated statements of income and retained earnings, comprehensive income and cash flow of the Company and Subsidiaries as of September 30, 1998, and unaudited interim consolidated balance sheets and related consolidated statements of income and retained earnings, comprehensive income and cash flow of the Company and Subsidiaries through January 31, 2000 (the *"Financial Statements"*).

(i) Each of the Financial Statements is complete and consistent (subject to year-end adjustments of unaudited statements) with the books and records of the Company. Each of the Financial Statements has been prepared in conformity with GAAP and, to the extent in compliance with GAAP, on a consistent basis throughout the periods covered thereby and presents fairly the financial condition and results of operations and cash flows of the Company and its Subsidiaries at the dates and for the periods specified, subject, in the case of unaudited financial statements, to the absence of notes and other presentation items and the absence of normal recurring year-end adjustments and procedures (none of which require material adverse adjustment or are inconsistent with past practice).

(ii) Neither the Company nor its Subsidiaries have any debt, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, that is not reflected or reserved against in the Financial Statements, except as set forth in Section 3(g) of the Company Disclosure Schedule. All debts, liabilities and obligations of the Company and its Subsidiaries incurred after the date of the Financial Statements were incurred in the Ordinary Course of Business. Neither the Company nor its

Subsidiaries are directly or indirectly liable to or obligated to provide funds in respect of or to guaranty or assume any obligation of any person (other than the Company and the Subsidiaries) except to the extent reflected and fully reserved against in the Financial Statements.

(iii) The loans, notes and accounts receivable reflected in the Financial Statements and all such loans, notes and accounts receivable arising after the applicable dates of the Financial Statements arose, and have arisen, from bona fide transactions, and the bad debt reserves established in connection with such loans, notes, and accounts receivable are in conformity with GAAP applied on a consistent basis.

(h) *Events Subsequent to September 30, 1999.* Since September 30, 1999, there has not been any material adverse change in the business, financial condition, operations, or results of operations of the Company and its Subsidiaries. Without limiting the generality of the foregoing, except as listed on Section 3(h) of the Company Disclosure Schedule or as otherwise required by or as contemplated in this Agreement, since September 30, 1999, the Company and its Subsidiaries:

(i) except for the Steinach Property Transfer, and except as set forth on Section 3(h)(i) of the Company Disclosure Schedule, have not sold, leased, transferred, or assigned any of its assets, tangible or intangible, except for sales of inventory in the Ordinary Course of Business;

(ii) have not entered into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than US$25,000 or outside the Ordinary Course of Business;

(iii) have not, and to the Knowledge of the Company or Abel no party has, accelerated, terminated, modified, or canceled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than US$25,000 to which the Company or its Subsidiaries is a party or by which it is bound;

(iv) have not imposed or permitted any Security Interest upon any of their assets, tangible or intangible;

(v) except as set forth on Section 3(h) of the Company Disclosure Schedule, have not made any distribution or any capital expenditure (or series of related capital expenditures) either involving more than

US$25,000 or outside the Ordinary Course of Business;

(vi) have not made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person;

(vii) have not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any Indebtedness;

(viii) have not delayed or postponed the payment of accounts payable or other Liabilities outside of the Ordinary Course of Business;

(ix) have not canceled, compromised, waived, or released any right or claim (or series of related rights and claims) outside the Ordinary Course of Business;

(x) have not granted any license or sublicense of any rights under or with respect to any Intellectual Property;

(xi) have not changed or authorized any change in their articles of incorporation, bylaws, or similar charter documents;

(xii) have not experienced any material damage, destruction, or loss (whether or not covered by insurance) to their property;

(xiii) have not made any loan to, or entered into any other transaction with, any of their directors, officers, and employees;

(xiv) except as set forth on Section 3(h) of the Company Disclosure Schedule, have not entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement;

(xv) have not granted any increase in the compensation of any of their directors, officers, and employees;

(xvi) except as otherwise contemplated or required by Section 6 hereof, have not adopted, amended, modified or terminated any bonus, profit-sharing incentive, severance, or other plan, contract, or commitment for the benefit of any of their directors, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan);

(xvii) except as set forth on Section 3(h) of the Company Disclosure Schedule, have not made any other change in employment terms for any of their directors, officers, and employees;

(xviii) have not made or pledged to make any charitable or other capital contribution;

(xix) have not suffered or experienced any other occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business;

(xx) except for those dividends and other distributions made after March 31, 2000, which are set forth on Section 3(h) of the Company Disclosure Schedule, have not declared or paid any dividend or other distribution, whether in cash or other property; and

(xxi) have not entered into a commitment to do any of the foregoing.

(i) *Undisclosed Liabilities.* Neither the Company nor its Subsidiaries have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against the Company and its Subsidiaries giving rise to any Liability), except for (i) Liabilities set forth in, and adequately reserved against, the Financial Statements, and (ii) Liabilities which have arisen after the date of the Financial Statements in the Ordinary Course of Business (none of which results from, arises out of, or was caused by any breach of contract, breach of warranty claims, product liability, tort, infringement, or violation of law), (iii) Liabilities which will arise from and after the Closing Date in the Ordinary Course of Business under contracts, instruments and similar obligations of the Company and its Subsidiaries to be performed following the Closing Date, and (iv) Liabilities set forth on Section 3(i) of the Company Disclosure Schedule ("*Undisclosed Liabilities*").

(j) *Legal Compliance*. The Company and its Subsidiaries have complied with all applicable laws (including rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Company and its

Subsidiaries alleging any failure so to comply. The Company and its Subsidiaries have duly filed all reports and returns required to be filed by it with governmental authorities and obtained all governmental permits and licenses and other governmental consents which are required in connection with the businesses and operations of the Company and its Subsidiaries; all of such permits, licenses and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them are pending or threatened, except where any of the above would not have a materially adverse effect on the Company and its Subsidiaries.

(k) Tax Matters.

(i) From inception through September 30, 1999, the Company and its US Subsidiary, each have been treated as a "C Corporation" within the meaning of the Code for federal income tax purposes. Subsequent to September 30, 1999, the Company and its US Subsidiary have had in effect valid and binding elections to be treated as an "S Corporation" and a "qualified subchapter S subsidiary" within the meaning of Code Sections 1361 et. seq. for federal income tax purposes.

(ii) The Company and its Subsidiaries have filed all Tax Returns that they were required to file. All such Tax Returns were true, correct and complete in all material respects. All Taxes owed by the Company, its Subsidiaries and the Stockholders (whether or not shown on any Tax Return), except for sales or use Taxes reflected on the March 31 Balance Sheet, have been paid. Neither the Company nor its Subsidiaries are 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 the Company or its Subsidiaries does not file Tax Returns that the Company or its Subsidiaries are or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of the Company or its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax. Neither the Company nor its Subsidiaries have been a member of an Affiliated Group (other than a group the common parent of which was the Company) that has filed a "consolidated return" within the meaning of Code Section 1501, or has filed a combined or consolidated return with another entity with any other taxing authority.

(iii) The Company and its Subsidiaries have made all withholdings of Taxes required to be made in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder, or other third party and such withholdings have either been paid to the appropriate governmental agency or set aside in appropriate accounts for such purpose.

(iv) Except as set forth on Section 3(k)(iv) of the Company Disclosure Schedule, neither the Company nor its Subsidiaries are currently under audit with respect to Taxes by any authority, and have not received any notice or other indication that any authority is considering assessing any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of the Company or its Subsidiaries either (A) claimed or raised by any authority in writing or (B) as to which the Company, its Subsidiaries, or the Stockholders has knowledge based upon personal contact with any agent or representative of such authority. The Company has delivered to the Buyer true, correct and complete copies of all federal and foreign income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company and its Subsidiaries since December 31, 1995.

(v) Except as set forth on Section 3(k)(v) of the Company Disclosure Schedule, neither the Company nor its Subsidiaries have waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(vi) Neither the Company nor its Subsidiaries have made any payments, are obligated to make any payments, or is a party to any agreement that could obligate any of them to make any payments that will not be deductible under Code Section 280G. Neither the Company nor its Subsidiaries is a party to any Tax allocation or sharing agreement. Neither the Company nor its Subsidiaries (A) have been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) or

(B) have any Liability for the Taxes of any Person (other than the Company) under Treas. Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(l) *Real Property.*

(i) Section 3(l)(i) of the Company Disclosure Schedule lists the Real Property. Neither the Company nor its Subsidiaries own any real property except the Real Property. With respect to the Real Property:

(A) there are no pending or, to the Knowledge of the Company, threatened, condemnation proceedings, lawsuits, annexations or administrative actions, special assessments, impact fees, or other

governmental exactions (other than ad valorem taxes) relating to the Real Property or other matters affecting adversely the current use or occupancy thereof;

(B) the Real Property is in compliance with all zoning, building, health and other land use laws, ordinances, rules, codes, regulations, orders and requirements;

(C) all facilities located on the Real Property have received all approvals of governmental authorities (including licenses and permits) required in connection with the ownership or operation thereof and have been operated and maintained in all material respects in accordance with applicable laws, rules, and regulations;

(D) there are no leases, subleases, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the Real Property;

(E) there are no outstanding contracts, options or rights of first refusal to purchase the Real Property, or any portion thereof or interest therein; and there are no management, maintenance, service or other operating contracts or agreements affecting the Real Property or any portion thereof which shall survive the Closing;

(F) there are no parties (other than the Company and its Subsidiaries) in possession of the Real Property; and

(G) to the Knowledge of the Company, adequate and usable public sanitary and storm sewers, public water facilities and other utilities are available without charge except for customary usage charges;

(H) to the Knowledge of the Company, no portion of the Real Property is subject to any restrictions on use or development, such as being a government designated “wetland” area; and

(I) the Real Property has not been used by the Company, or to the Knowledge of the Company, by any third party, as a landfill or for the dumping of debris or mining activities.

(ii) Section 3(l)(ii) of the Company Disclosure Schedule lists and describes briefly all real property leased to the Company and its Subsidiaries (the *“Leased Real Property”*). The Company has delivered to the Buyer true, correct and complete copies of the leases for the Leased Real Property (as amended to date). With respect to each lease for Leased Real Property:

(A) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect;

(B) neither the Company nor its Subsidiaries are, and to the Knowledge of the Company and its Subsidiaries, no party to the lease or sublease is, in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(C) neither the Company nor its Subsidiaries are, and to the Knowledge of the Company and its Subsidiaries, no party to the lease or sublease has, repudiated any provision thereof;

(D) there are no disputes, oral agreements, or forbearance programs in effect as to the lease;

(E) neither the Company nor its Subsidiaries have assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold; or

(F) all facilities leased thereunder have received all approvals of governmental authorities (including licenses and permits) required in connection with the operation thereof and have been operated and maintained in all material respects in accordance with applicable laws, rules, and regulations.

(m) *Intellectual Property.*

(i) The Company and its Subsidiaries own or have the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property necessary or used in the operation of the Business as presently conducted. The Stockholders and each director, officer or employee of the Company and its Subsidiaries has heretofore transferred to the Company and its Subsidiaries all right, title and interest of such person in and to any Intellectual Property used or necessary for the operation of the Business as presently conducted. Each item of Intellectual Property included among the assets of the Company and its Subsidiaries or owned or used by the Company, its Subsidiaries, or the Stockholders immediately prior to the Closing hereunder will be owned or available for use by the Buyer on identical terms and conditions immediately subsequent to the Closing hereunder.

(ii) Neither the Company, its Subsidiaries, nor the Stockholders have interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and neither the Company, its Subsidiaries, nor the Stockholders have ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that any of the Company, its Subsidiaries, or the Stockholders must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Company, its Subsidiaries, or the Stockholders, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Company or its Subsidiaries.

(iii) Section 3(m)(iii) of the Company Disclosure Schedule identifies each patent or registration which has been issued or transferred to the Company, its Subsidiaries, or the Stockholders with respect to any of its Intellectual Property, identifies each pending patent application for registration which the Company, its Subsidiaries, or the Stockholders has made with respect to any of its Intellectual Property, and identifies each license, agreement, or other permission which the Company, its Subsidiaries, or the Stockholders has granted to any third party with respect to any of its Intellectual Property. The Company has delivered to the Buyer true, correct and complete copies of all such patents, registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to the Buyer true, correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 3(m)(iii) of the Company Disclosure Schedule also identifies each trade name or unregistered trademark used by the Company and its Subsidiaries in connection with the Business. With respect to each item of Intellectual Property required to be identified in Section 3(m)(iii) of the Company Disclosure Schedule:

(A) the Company and its Subsidiaries possess all right, title, and interest in and to the item, free and clear of any Security Interest, license, or other restriction;

(B) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(C) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Company or its Subsidiaries threatened, which challenges the legality, validity, enforceability, use, or ownership of the item; and

(D) Neither the Company, its Subsidiaries, nor the Stockholders have ever agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(iv) Section 3(m)(iv) of the Company Disclosure Schedule identifies each item of Intellectual Property that any third party owns and that the Company and its Subsidiaries use pursuant to license, sublicense, agreement, or permission except for “shrink wrapped” software applications or other software generally available in unmodified form to the public. The Company has delivered to the Buyer true, correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in Section 3(m)(iv) of the Company Disclosure Schedule;

(A) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable (subject to applicable bankruptcy, insolvency, fraudulent conveyance, moratorium, preference and other similar laws providing for the protection of creditors’ rights generally), and in full force and effect;

(B) the license, sublicense, agreement, or permission will continue to be legal, valid, binding, enforceable (subject to applicable bankruptcy, insolvency, fraudulent conveyance, moratorium, preference and other similar laws providing for the protection of creditors’rights generally), and in full force and effect on identical terms following the consummation of the transactions contemplated hereby;

(C) neither the Company nor its Subsidiaries, nor to the Knowledge of the Company and its Subsidiaries, no other party to the license, sublicense, agreement, or permission, is in breach or default, and no event has occurred which with notice of lapse of time would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(D) neither the Company nor its Subsidiaries have, and to the Knowledge of the Company and its Subsidiaries, no other party to the license, sublicense, agreement, or permission has, repudiated any provision thereof;

(E) with respect to each sublicense, the representations and warranties set forth in subsections (A) through (D) above are true and correct with respect to the underlying license;

(F) the underlying item of Intellectual Property is not subject to any outstanding injunction,

judgment, order, decree, ruling, or charge;

(G) no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or, to the Knowledge of the Company or its Subsidiaries, threatened, which challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(H) neither the Company nor its Subsidiaries have granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(n) *Tangible Assets*. The Company and its Subsidiaries own or lease all buildings, machinery, equipment, and other tangible assets necessary for the conduct of the Business as presently conducted. Each such tangible asset is free from any known material defects, has been maintained in accordance with normal industry practice, is in normal operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used.

(o) *Inventory*. Subject to the reserve established on the March 31 Balance Sheet for stale or unmerchantable inventory, the inventory of the Company and its Subsidiaries consists of raw materials and supplies, manufactured and purchased parts, work in process, and finished goods, all of which is merchantable.

(p) *Contracts*. Section 3(p) of the Company Disclosure Schedule lists (or contains a copy of, as indicated) the following contracts and other agreements, written or oral, to which the Company or any of its Subsidiaries is a party:

(i) all customer orders, and the purchase prices thereof, accepted by the Company or any of its Subsidiaries and in order backlog as of January 31, 2000;

(ii) a copy of that certain commitment by Abel GmbH & Company KG to purchase that certain facility in Buchen, Germany (the “Buchen Facility”) for DM2,100,000 from the landlord at or immediately following the termination of the existing lease with respect to the Buchen Facility;

(iii) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $15,000 per annum;

(iv) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one year following the Closing Date, or which to the Knowledge of the Company or its Subsidiaries, will result in expenditures by the Company or its Subsidiaries in excess of $15,000 over the remaining life of such agreements;

(v) any agreement concerning a partnership or joint venture;

(vi) any agreement (or group of related agreements) under which any of them have created, incurred, assumed, or guaranteed any Indebtedness, under which any of them have imposed a Security Interest on any of their assets, tangible or intangible;

(vii) any agreement concerning confidentiality or noncompetition;

(viii) any agreement involving the Stockholders to which the Company or any of its Subsidiaries is a party;

(ix) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other plan or arrangement for the benefit of any of their current or former directors, officers, and employees;

(x) any agreement (A) for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of $30,000 or (B) providing severance benefits;

(xi) any agreement under which any of them have advanced or loaned any amount to any of their directors, officers, and employees; or

(xii) any agreement under which the consequences of a default or termination would have an adverse effect in the amount of $15,000 or more on the business, financial condition, operations or results of operations of the Company or any of its Subsidiaries; or

(xiii) any other agreement (or group of related agreements) the performance of which involves consideration in excess of $15,000.

The Company has delivered or made available to the Buyer a true, correct and complete copy of each written agreement listed in Section 3(p) of the Company Disclosure Schedule (as amended to date) and a written summary setting forth the terms and conditions of each oral agreement referred to in Section 3(p) of the Company Disclosure Schedule. With respect to the customer orders set forth in Section 3(p)(i) above, all such orders have been priced at an amount consistent with past practice and in excess of the cost to the Company and the Subsidiaries of purchasing and manufacturing such goods. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect, subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws from time to time affecting creditor's rights generally; (B) neither the Company nor its Subsidiaries are, and to the Knowledge of the Company, no other party, is in material breach or default, and no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreements; and (C) the Company has not, nor has it received notice that any third party has, repudiated any provision of the agreement. With respect to each customer order listed in Section 3(p) of the Company Disclosure Schedule, neither the Company nor its Subsidiaries has any Knowledge of any basis for cancellation thereof.

(q) *Notes and Accounts Receivable.* The notes and accounts receivable of the Company and its Subsidiaries included among the assets are at least in the amounts reflected in the Financial Statements dated as of January 31, 2000, and all such notes and accounts receivable are reflected properly on their books and records and are valid receivables subject to no known setoffs or counterclaims, subject only to the reserve for bad debts set forth on the face of the Financial Statements dated as of January 31, 2000.

(r) *Powers of Attorney.* Other than as otherwise listed on Section 3(r) of the Company Disclosure Schedule, there are no outstanding powers of attorney executed on behalf of the Company or its Subsidiaries.

(s) *Insurance.* Section 3(s) of the Company Disclosure Schedule sets forth a schedule of all insurance coverage to which the Company and its Subsidiaries has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five (5) years. Copies of such policies have been made available to the Parent and the Buyer for their review.

With respect to each such insurance policy: (A) all policy premiums due to date have been paid in full, and to the Knowledge of the Company, the policy is legal, valid, binding, enforceable, and in full force and effect with respect to the periods for which it purports to provide coverage subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement or moratorium or other similar laws from time to time affecting creditor's rights generally; (B) neither the Company nor its Subsidiaries or, to the Knowledge of the Company and its Subsidiaries, any other party to the policy, is in breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (C) no party to the policy has repudiated any provision thereof. Section 3(s) of the Company Disclosure Schedule describes any self-insurance arrangements affecting the Company and its Subsidiaries.

(t) *Litigation.* Except as set forth on Section 3(t) of the Company Disclosure Schedule, neither the Company nor its Subsidiaries (i) are subject to any outstanding injunction, judgment, order, decree, ruling, or charge and (ii) are a party nor has the Company or any Subsidiary received notice of any third party's intention to name the Company or any Subsidiary as a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator.

(u) *Product Warranty.* Each product manufactured, sold, leased, or delivered by the Company and its Subsidiaries or service provided by the Company and its Subsidiaries has been in conformity with all applicable contractual commitments and all warranties, and neither the Company nor its Subsidiaries have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith, except for Product Warranty Claims for which adequate reserves are set forth on the Financial Statements. Except as otherwise may be provided by applicable law, no product manufactured, sold, leased, or delivered by the Company and its Subsidiaries is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. Section 3(u) of the Company Disclosure Schedule includes copies of the standard terms and conditions of sale or lease for the Company and its Subsidiaries (containing applicable guaranty, warranty, and indemnity provisions).

(v) *Product Liability.* There are no existing or, to the Knowledge of the Company, threatened, claims against the Company and its Subsidiaries arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, or delivered by the Company and its Subsidiaries which could result in Liability to the Company and its Subsidiaries.

(w) *Employees.* Section 3(w) of the Company Disclosure Schedule sets forth (A) the name, (B) the current annual salary (or hourly wage), including any bonus or commitment to pay any other amount or benefit in connection with a termination of employment, if applicable, and (C) the specific identity of the employing entity, of all present employees, consultants, and independent contractors employed by the Company and its Subsidiaries.

Neither the Company nor its Subsidiaries are a party to or bound by any collective bargaining agreement, nor have any of them experienced any strikes, grievances, claims of unfair labor practice. Neither the Company nor its Subsidiaries have any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to its employees. There is no claim outstanding or, to the Knowledge of the Company, threatened, or any Basis for a claim respecting employment of any past or present employee of the Company and its Subsidiaries including, without limitation, claims of personal injury (unless fully covered by worker's compensation, liability or indemnity insurance) discrimination, wage, hours or similar laws or regulations.

(x) *Employee Benefits.*

(i) No other corporation, trade, business, or other entity, would, together with the Company and its Subsidiaries constitute a single employer within the meaning of Code Section 414.

(ii) Section 3(x)(ii) of the Company Disclosure Schedule contains a true and complete list of all of the Employee Benefit Plans which are presently in effect or which have previously been in effect for the benefit of current or former employees, officers, directors or consultants of the Company and its Subsidiaries (the *"Company Plans"*). All Company Plans established or maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens are referred to herein as *"Foreign Plans"* and all other Company Plans are referred to herein as *"US Plans"*.

(iii) Each US Plan has been administered in all material respects in accordance with its terms and is in compliance in all material respects with the applicable provisions of United States law, and each Foreign Plan has been administered in all material respects in accordance with its terms and is in compliance in all material respects with the applicable provisions of German, United Kingdom, Spanish, European Union, or other applicable foreign law. All reports, returns and similar documents required to be filed with any governmental agency or distributed to any participant of each Company Plan have been duly and timely filed or distributed in all material respects.

(iv) No actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the Company's knowledge, threatened, with respect to any Company Plan and no event or condition exists or may be reasonably expected to occur which would result in the Company and its Subsidiaries having any liability in respect of any Company Plan not reflected on the Financial Statements.

(v) The Company and its Subsidiaries have made all contributions or payments to or under each US Plan required by United States law, and to each Foreign Plan required by German, United Kingdom, Spanish law or by the terms of such Company Plan.

(vi) There is no lien outstanding upon any Assets pursuant to Code Section 412(n) in favor of any US Plan.

(vii) Except as set forth in Section 3(x)(vii) of the Company Disclosure Schedule, neither the Company nor its Subsidiaries have any past, present or future obligation or liability to contribute to any multiemployer plan as defined in ERISA Section 3(37).

(viii) Neither the Company nor its U.S. Subsidiaries are obligated, contingently or otherwise, under any agreement to pay any amount which would be treated as a "parachute payment," as defined in Code Section 280G(b) (determined without regard to Code Section 280G(b)(2)(A)(ii)).

(ix) Except as set forth in Section 3(x)(ix) of the Company Disclosure Schedule:

(A) each of the Company Plans has been established, maintained, funded and administered in all material respects in accordance with its governing documents and any applicable law, and with respect to the US Plans, any applicable provisions of ERISA, the Code, and all regulations promulgated thereunder;

(B) none of the US Plans nor any Fiduciary has engaged in a Prohibited Transaction as defined in ERISA Section 406 or Code Section 4975 (for which no individual or class exemption exist under ERISA Section 408 or Code Section 4975, respectively);

(C) except for actions taken pursuant to Section 6 hereof, all filings and reports as to each of the US Plans required to have been made on or before the Closing Date to the Internal Revenue Service, or to the United States Department of Labor or to the Pension Benefit Guaranty Corporation, have been or will be duly made by that date;

(D) except for actions taken pursuant to Section 6 hereof, each of the US Plans which is intended to

qualify as a tax-qualified retirement plan under Code Section 401(a) has received a favorable determination letter(s) from the Internal Revenue Service as to qualification of such US Plan for the period from its adoption through the Closing Date; nothing has occurred, whether by action or failure to act, which has resulted in or would cause the loss of such qualification; and each trust thereunder is exempt from tax pursuant to Code Section 501(a);

(E) each of the US Plans which is required to satisfy Code Sections 401(k)(3) or 401(m)(2) has been tested for compliance with, and has satisfied the requirements of, Code Sections 401(k)(3) and 401(m)(2) for each plan year ending prior to the Closing Date;

(F) no event has occurred and no condition exists relating to any of the US Plans that would subject the Company and its Subsidiaries to any Tax or Liability under IRS Sections 4971, 4972 or 4979, or to any Liability under ERISA Sections 502 or 4071; and

(G) to the extent applicable, each of the Company Plans has been funded in accordance with its governing documents and any applicable law and has not experienced any accumulated funding deficiency (whether or not waived) and, with respect to US Plans, has been funded in accordance with ERISA and the Code and has not exceeded its full funding limitation (within the meaning of Code Section 412) at any time.

(x) With respect to the US Plans which provide group health benefits to employees of the Company and its Subsidiaries and are subject to the requirements of Code Section 4980B and Part 6, Subtitle B of Title I of ERISA (*"COBRA"*), such group health plan has been administered in every material respect in accordance with its governing documents and COBRA and with the group health plan requirements of Subtitle K, Chapter 100 of the Code and ERISA Sections 701 et. seq.

(xi) With respect to employee benefit matters generally:

(A) neither the Company, its Subsidiaries, nor any person, firm or corporation which is or has been under common control of the Company and its Subsidiaries within the meaning of Section 4001(b) of ERISA, maintains or contributes to or has ever maintained or contributed to any Employee Benefit Plan subject to Title IV of ERISA;

(B) except as set forth on Section 3(x)(xi) of the Company Disclosure Schedule, the consummation of the transactions contemplated hereby will not accelerate or increase any Liability under any of the Company Plans because of an acceleration or increase of any of the rights or benefits to which Company Plan participants or beneficiaries may be entitled thereunder;

(C) except as set forth on Section 3(x)(xi) of the Company Disclosure Schedule, neither the Company nor its Subsidiaries have any obligation to any retired or former employee or any current employee of the Company and its Subsidiaries upon retirement or termination of employment under any Company Plans, other than such obligations imposed by COBRA; and

(D) except as set forth on Section 3(x)(xi) of the Company Disclosure Schedule, any of the Company Plans which is an "employee welfare benefit plan,"within the meaning of ERISA Section 3(1) (including Foreign Plans), may be terminated prospectively without Liability to the Company or the Parent or the Buyer, including, without limitation, Liability for unreported (e.g., run-off) benefit claims, premium adjustments or termination charges of any kind.

(y) *Guaranties.* Neither the Company nor its Subsidiaries are a guarantor or otherwise liable for any Liability or obligation (including Indebtedness) of any other Person.

(z) *Environment, Health, and Safety.*

(i) The Company and its Subsidiaries have complied with all Environmental, Health, and Safety Laws, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Company alleging such failure.

(ii) Neither the Company nor its Subsidiaries have any Liability (and neither the Company nor its Subsidiaries have handled, used, stored, treated, recycled or disposed of any Hazardous Substance, arranged for the disposal of any Hazardous Substance, exposed any employee or other individual to any Hazardous Substance or condition, or owned or operated any property or facility in any manner that could form the Basis for any present or future action, suit, proceeding, hearing, investigations, charge, complaint, claim or demand giving rise to any Liability) for penalties, investigations of or damage to any site, location, body of water (surface or subsurface), or other natural resources (including, without limitation, any real property now or previously owned or operated by the Company and its Subsidiaries), for any illness of or personal injury to any employee or other individual, or for any reason under any Environmental, Health, and Safety Laws.

(iii) Except as set forth in Section 3(z) of the Company Disclosure Schedule, all properties and equipment used in the Business are and in the past have been free of any amounts of asbestos, PCB's, methylene chloride, trichlorethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances, the presence of which could result in Adverse Consequences.

(aa) *Certain Business Relationships With the Company and its Subsidiaries.* Except as set forth in Section 3(aa) of the Company Disclosure Schedule, none of the Stockholders, nor with respect to Abel, his current or former spouse, children, parents, grandparents, cousins, or other relatives has been involved directly or indirectly in any business arrangement or relationship with the Company or its Subsidiaries within the past thirty-six (36) months, and no Stockholder owns any asset, tangible or intangible, which is used in the Business.

4. REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE BUYER.

The Parent and the Buyer, jointly and severally, represent and warrant to the Stockholders that the statements contained in this Section 4 are true, correct and complete as of the date hereof, and will be true, correct and complete as of the Closing Date.

(a) *Organization of the Buyer.* The Parent is a corporation, and the Buyer is a limited partnership, duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation to do business in every jurisdiction where such qualification is required.

(b) *Authorization of Transaction.* Each of the Parent and the Buyer has full corporate and partnership, respectively, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Parent and the Buyer, enforceable in accordance with its terms and conditions. The Parent and the Buyer need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agencies in order for the Parties to consummate the transactions contemplated by this Agreement.

(c) *Noncontravention.* Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby nor any payment to the Company or the Stockholders contemplated hereby will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Parent or the Buyer is subject, or any provision of its certificate of incorporation or bylaws or any agreement for borrowed money.

(d) *Broker's Fees.* Neither the Parent nor the Buyer has incurred any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Stockholders could become liable or obligated.

(e) *Disclosure.* To the knowledge of the Parent and the Buyer, the representations and warranties contained in this Section 4 do not, and as of the Closing Date will not, contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained in this Section 4 not misleading.

(f) *Financing.* The Parent and the Buyer have the necessary financial resources and committed funding available to consummate the transactions contemplated herein.

(g) *Due Diligence.*

As of the Closing Date, the Parent and the Buyer have conducted a due diligence review and investigation of the Company and its Subsidiaries in a manner and to an extent satisfactory to them. Notwithstanding the foregoing, the conduct of such due diligence review by the Parent and the Buyer does not and shall not in any way waive, impair, limit, diminish, or extinguish any right, remedy, benefit or interest of either the Parent or the Buyer arising under or pursuant to the representations, warranties, covenants, and indemnities set forth in this Agreement, the Escrow Agreement, the Noncompetition and Assignment of Inventions Agreement, the Release Agreements, and the Consulting Agreement.

5. CLOSING DELIVERIES AND OTHER OBLIGATIONS TO CLOSE.

(a) *Conditions to Obligation of the Parent and the Buyer.* The obligation of the Parent and the Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3 above shall be true and correct in all material

respects at and as of the moment immediately preceding the Closing;

(ii) the Company and the Stockholders shall have performed and complied with all of their covenants hereunder in all material respects through the moment immediately preceding the Closing;

(iii) the Company shall have procured all of the third party consents specified on Exhibit C hereto;

(iv) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) affect in a materially adverse manner the right of the Buyer to own the assets of the Company or to operate the Business (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(v) all filings that are required to have been made by the Parties with any United States, Germany, United Kingdom, Spain, or European Union governmental agency in order to carry out the transactions contemplated by this Agreement shall have been made and all authorizations, consents and approvals from any United States, Germany, United Kingdom, Spain, or European Union governmental agency (including but not limited to all necessary approvals under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) required to carry out the transactions contemplated by this Agreement shall have been received and any applicable waiting periods shall have expired or shall have been terminated;

(vi) the Company shall have transferred all of its right, title, and interest in and to the outstanding capital stock of Abel Beteiligungs GmbH, a corporation organized under the laws of Germany, to Abel;

(vii) the Company and the Stockholders shall have delivered to the Parent and the Buyer a certificate, executed by the Company and the Stockholders, to the effect that the conditions specified above in Section 5(a)(i)-(vi) have been satisfied in all respects;

(viii) Abel shall have entered into a Noncompetition and Assignment of Inventions Agreement, with a term equal to four (4) years, in form and substance as set forth in Exhibit D attached hereto and the same shall be in full force and effect;

(ix) the Stockholders, Maria Abel and Godard Abel shall have executed and delivered to the Parent and the Buyer a release agreement (each, a *"Release Agreement"*) in form and substance as set forth on Exhibit E hereto, with respect to

any claim against the Company or any Subsidiary for indemnification arising out of their respective roles as officers, directors or the equivalent of such entities;

(x) each of the Stockholders, the Parent, the Buyer and the Escrow Agent shall have entered into the Escrow Agreement;

(xi) as security for the Buyer's obligations after Closing in the event of Buyer's termination (except for termination for cause or for substantial nonperformance) of that certain agreement by and between the Company and BigMachines.com, Inc. dated _____, 2000, as amended _____, 2000 attached as Section 5(a)(xi) of the Company Disclosure Schedule (the *"BigMachines Agreement"*), the Buyer, BigMachines.com, Inc., and the Escrow Agent shall enter into an escrow agreement as of the Closing Date, which shall be funded with Five Hundred Thousand Dollars (US$500,000) (the *"BigMachines Escrow"*). The amounts held in the BigMachines Escrow shall be held during the First Escrow Period (as defined in Section 8(b)(vi) below), provided that $200,000 shall be retained in the BigMachines Escrow during the Second Escrow Period (as defined in Section 8(b)(vi) below) as security in the event of Buyer's termination (except for a termination for cause or substantial nonperformance) of the BigMachines Agreement. Further, BigMachines.com, Inc. may be reimbursed from the BigMachines Escrow in amounts equal to commission payments due under the BigMachines Agreement after Closing upon submission by Buyer of an affidavit with respect to such commission payments from time to time by notice to the Escrow Agent and to BigMachines.com, Inc. The Escrow Agent shall reimburse BigMachines.com, Inc. for the amounts set forth in such affidavit within ten (10) days of receipt.

(xii) the Company shall have delivered to the Parent and the Buyer a payoff letter with respect to all amounts due under the Indebtedness of the Company and its Subsidiaries (other than trade accounts payable incurred in the Ordinary Course and capitalized lease obligations), in form and substance reasonably satisfactory to the Parent and the Buyer, and the Company and the Stockholders shall have made

arrangements satisfactory to the Parent and the Buyer for the prompt payment of such Indebtedness as of the Closing Date;

(xiii) the Parent and the Buyer shall have received from counsel to the Company, the US Subsidiary, and the Stockholders opinions with respect to the Company and the transactions contemplated hereby in form and substance as set forth in Exhibit G attached hereto, addressed to the Parent and the Buyer, and dated as of the Closing Date;

(xiv) the supplements and amendments to the Company Disclosure Schedule, if any, shall have been satisfactory to the Parent and the Buyer in the sole discretion of the Parent and the Buyer;

(xv) the Company shall have taken all necessary corporate action to terminate all Company Plans with respect to the Company and the US Subsidiary, as set forth in Section 6 below;

(xvi) the Company shall have delivered to the Parent and the Buyer a certificate of the Secretary of the Company as to the incumbency of its officers, a copy of a certificate evidencing the incorporation and subsistence of the Company, a copy of the articles and bylaws of the Company, and a copy of the resolutions adopted by the board of directors and the shareholders of the Company with respect to the transactions contemplated by this Agreement; and

(xvii) all actions to be taken by the Company in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Parent and the Buyer.

Either the Parent or the Buyer may waive any condition specified in this Section 5(a) if it executes a writing so stating at or prior to the Closing, or if such Closing occurs without the satisfaction of such condition.

(b) *Conditions to Obligation of the Stockholders and the Company.* The obligations of the Stockholders and the Company to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction of the following conditions: (i) the representations and warranties set forth in Section 4 above shall be true and correct in all material respects at and as of the moment immediately preceding the Closing;

(ii) the Parent and the Buyer shall have performed and complied with all of their covenants hereunder in all material respects through the moment immediately preceding the Closing;

(iii) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) all filings that are required to have been made by the Parties with any United States, Germany, United Kingdom, Spain, or European Union governmental agency in order to carry out the transactions contemplated by this Agreement shall have been made and all authorizations, consents and approvals from any United States, Germany, United Kingdom, Spain, or European Union governmental agency (including but not limited to all necessary approvals under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) required to carry out the transactions contemplated by this Agreement shall have been received and any applicable waiting periods shall have expired or shall have been terminated;

(v) the Parent and the Buyer shall have delivered to the Company and the Stockholders a certificate to the effect that the conditions specified above in Section 5(b)(i)-(iv) have been satisfied in all respects;

(vi) the Stockholders shall have received from counsel to the Parent and the Buyer an opinion in form and substance as set forth in Exhibit H attached hereto, addressed to the Stockholders, and dated as of the Closing Date;

(vii) each of the Parent and the Buyer shall have delivered to the Company and the Stockholders a certificate of the Secretary of each of the Parent and the Buyer as to the incumbency of each of their officers, a copy of a certificate evidencing the incorporation, existence and good standing of the Parent and the Buyer, a copy of the articles and bylaws of the Parent and the Certificate of Limited Partnership of the Buyer, and a copy of the resolutions adopted by the board of directors of the Parent and the general partner of the Buyer with respect to the transactions contemplated by this Agreement; and

(viii) all actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the

transactions contemplated hereby will be reasonably satisfactory in form and substance to the Stockholders and the Company.

The Stockholders may waive any condition specified in this Section 5(b) if they execute a writing so stating at or prior to the Closing, or if such Closing occurs without the satisfaction of such condition.

6. PRE-CLOSING COVENANTS REGARDING PLAN TERMINATION.

Prior to the Closing Date, the Company will terminate all plans permitting the issuance of Company Shares or the capital stock of any Subsidiary of the Company; options to acquire Company Shares or capital stock of any Subsidiary of the Company; and/or other rights to acquire Company Shares or capital stock of any Subsidiary of the Company, that are valued in whole or in part by reference to Company Shares or capital stock of any Subsidiary of the Company or that may be settled in Company Shares or capital stock of any Subsidiary of the Company (such option and other rights are hereafter collectively referred to as "*Equity Rights*"). Prior to the Closing Date, the Company shall take such action as is necessary to cancel, effective no later than the Closing Date, all outstanding Equity Rights in a manner that is binding upon the holders of such Equity Rights. Prior to the Closing Date, the Company shall take all corporate action necessary to terminate, effective no later than the day before the Closing Date, all Company Plans of the Company and the US Subsidiary which are intended to qualify as tax-qualified retirement plans under Code Section 401(a). Parent shall cause one or more of the tax qualified plans it maintains to accept rollovers of distributed amounts from any terminated Company Plan maintained by the Company and the US Subsidiary; *provided*, *however,* that Parent's obligation with respect to any such Company Plan shall be conditioned upon the receipt of a favorable determination letter from the Internal Revenue Service to the effect that such Company Plan remains qualified under Code Section 401(a) upon its termination.

7. POST-CLOSING COVENANTS.

The Parties agree as follows with respect to the period following the Closing:

(a) *General.* In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, the Stockholders and the Buyer will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, at the sole cost and expense of the requesting Party. The Stockholders acknowledge and agree that from and after the Closing the Buyer will have the right to possession of all documents, books, records (including Tax records), agreements, and financial data of any sort relating to the Company and its Subsidiaries in this Agreement; provided, however, that the Stockholders shall have the right to obtain access to such documents, books, records (including Tax records), agreements, and financial data to the extent related to the period prior to the Closing and make photocopies thereof for a proper purpose, such as in connection with the preparation of his personal Tax Returns.

(b) *Litigation Support.* In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Buyer or the Stockholders, each of the other Parties will reasonably cooperate with the contesting or defending Party and his or its counsel in the contest or defense, make available his or its personnel, and provide such testimony and access to his or its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party.

(c) *Transition.* The Stockholders will use reasonable efforts not to take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of the Company and its Subsidiaries from maintaining the same business relationships with the Parent, the Buyer, and the Company after the Closing as it maintained with the Company and its Subsidiaries prior to the Closing.

(d) *Confidentiality.* The Stockholders will treat and hold as confidential all of the Confidential Information, refrain from using any of the Confidential Information and deliver promptly to the Buyer or destroy, at the request and option of the Buyer, all tangible embodiments (and all copies) of the Confidential Information which are in his or its possession. In the event that any Stockholder is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, that Party will notify the Buyer promptly of the request or requirement so that the Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 7(d). If, in the absence of a protective order or the receipt of a waiver hereunder, such Stockholder is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such Stockholder may disclose the Confidential Information to the tribunal; provided, however, that such Stockholder shall use his or its reasonable efforts to obtain, at the reasonable request of the Buyer and at the Buyer's sole expense, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as the Buyer shall designate.

(ii) Subject to any applicable law or regulation, the Parent and the Buyer shall treat and hold confidential the amount of the Aggregate Consideration.

(e) *Tax Matters*. With respect to the transactions contemplated by this Agreement, the Parent, the Buyer, and the Stockholders will provide each other with such cooperation and information as either of them may reasonably require of the other in connection with the filing of any Tax Return, including Tax Returns relating to the application of the successor employer rules for payroll Tax purposes contained in Code Sections 3121(a)(1) and 3306(b)(1), the determination of a liability for Taxes or a right to a refund for Taxes, or the preparation for litigation or investigation of any claim for Taxes or a right to a refund for Taxes, or the preparation for cooperation and information shall include all relevant Tax Returns, and other documents and records, or portions thereof relating to or necessary in connection with the preparation of records, or portions thereof relating to or necessary in connection with the preparation of such Tax Returns or other determination of Tax Liability. Each Party shall retain all Tax Returns, schedules, workpapers, and all other materials, records or documents until the expiration of the statute of limitations for the taxable years to which such Tax Returns and other documents relate. After expiration of the statute of limitations, a Party shall notify the each other Party in writing that it desires to dispose of or destroy the Tax Returns and other documents and shall provide such other Parties with the right for thirty (30) days after the tendering of such notice to copy or take possession of such Tax Returns and other documents. Any information obtained under this provision shall be kept confidential by the Parties, except as may be necessary in connection with the filing of such Tax Returns.

(f) *Cancellation of Certain Accounts Receivable.*

Immediately following the Closing, the Parent and the Buyer shall cause the Company to cancel (i) the receivable on the books of the Company with respect to the Steinach Property Transfer, and (ii) the receivable on the books of the Company with respect to the transfer of all of the issued and outstanding capital stock of Abel Beteiligungs GmbH, a corporation organized under the laws of Germany, from the Company to Abel.

(g) *Company Indebtedness.*

Parent will maintain the Indebtedness of the Company and its Subsidiaries existing as of the Closing Date and set forth on Section 7(g) of the Company Disclosure Schedule for a period of six (6) months following the Closing Date; *provided, however,* that Parent may satisfy such Indebtedness prior to the six-month anniversary of the Closing Date if in its reasonable determination such satisfaction is required pursuant to the provisions of its banking arrrangements.

8. REMEDIES FOR BREACHES OF THIS AGREEMENT.

(a) *Survival of Representations and Warranties.* All of the representations and warranties contained in Section 3(g)-3(aa), except Section 3(i), 3(k), and 3(z) of this Agreement and of the Parent and the Buyer contained in Section 4(d)-(e) of this Agreement shall survive the Closing and continue in full force and effect for a period of one (1) year thereafter; the representations and warranties contained in Section 3(i) shall survive the Closing and continue in full force and effect for a period of five (5) years thereafter; the representations and warranties contained in Section 3(k) shall survive the Closing and continue in full force and effect until December 15, 2003; the representations and warranties contained in Section 3(z) shall survive the Closing and continue in full force and effect for a period of six (6) years thereafter; and all of the representations and warranties contained in Section 3(a)-(f), and Section 4(a)-(c), and all other covenants, indemnities, and other agreements of the Parent, the Buyer and the Stockholders contained in this Agreement shall survive the Closing and continue in full force and effect forever thereafter, subject to any applicable statutes of limitations; *provided, however,* that nothing herein shall be construed to permit an indemnity claim with respect to a representation, warranty, covenant, or other agreement contained in this Agreement to survive the expiration of the applicable survival period for such representation, warranty, covenant, or other agreement, as set forth in this Section 8(a). No action, claim, or proceeding may be brought by any Party hereto against any other Party resulting from, arising out of, or caused by a breach of a representation or warranty contained herein, or the failure to perform any covenant or other obligations hereunder, after the time such representation, warranty or covenant ceases to survive pursuant to the preceding sentence, unless written notice of such claim setting forth with specificity the basis for such claim is delivered to the applicable Party prior to such time.

(b) *Indemnification Provisions for Benefit of the Parent, the Buyer, and the Company.*

(i) In the event any Stockholder breaches any of his or its representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to Section 8(a) above, provided that either the Parent, the Buyer, or the Company makes a written claim for indemnification setting forth the basis for such claim against the Stockholders pursuant to Section 9(h) below within such survival period, then the Stockholders agree to defend, indemnify and hold harmless the Parent, the Buyer, and the Company, subject to the limitations set forth herein, from and against the entirety of any Adverse Consequences the Parent, the Buyer, or the Company may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Parent, the Buyer, or the Company which arise out of such breach or alleged breach after the end of any applicable survival period) resulting from, arising out of, or caused by the breach (or the alleged breach); *provided, however,* that:

(A) the Stockholders shall not have any obligation to indemnify the Parent, the Buyer, or the

Company from and against any Adverse Consequences resulting from, arising out of, or caused by the breach (or alleged breach) of any representation, warranty or covenant contained in (i) Sections 3(a)-3(f), which exceed the Aggregate Consideration, and (ii) Sections 3(g)-3(aa) of the Agreement which exceed thirty percent (30%) of the Aggregate Consideration; and

(B) the Stockholders shall have no indemnification obligation with respect to such breaches (or alleged breaches) contained herein until the Parent, the Buyer, or the Company has suffered Adverse Consequences by reason thereof in excess of Three Hundred Thousand Dollars (US$300,000), and, in such event, the Stockholders shall be liable only for the amount of such Adverse Consequences which are in excess of such threshold.

(ii) Notwithstanding anything to the contrary herein contained, (A) the Stockholders will indemnify, defend and hold harmless Parent, the Buyer and the Company from and against any Adverse Consequences as a result of claims based on or arising from environmental liabilities based upon conditions or activities at or the ownership or occupancy of the real property which was the subject of the Steinach Property Transfer, and (B) such indemnification shall not be limited in time or amount.

(iii) Notwithstanding anything to the contrary herein contained, (A) the Stockholders will indemnify, defend and hold harmless the Parent, the Buyer, and the Company from and against any Adverse Consequences as a result of claims based on or arising from any injunction, judgment, order, decree, ruling, or charge filed against the Company on or after the Closing Date as a result of any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator against the Company commenced on or prior to the Closing Date, and (B) such indemnification shall not be limited in time or amount or subject to any deductible or cap. The indemnification provisions of this Section 8(b)(iii) shall apply, but shall not be limited to those matters described on Section 8(b)(iii) of the Company Disclosure Schedule. With respect to those matters existing on the date hereof set forth on Section 8(b)(iii)(X) of the Company Disclosure Schedule, the Stockholders shall have the right to defend such third party claim consistent with the provisions of Section 8(d)(iv) and the Company shall have the right to participate with the Stockholders in such defense. With respect to those matters existing on the date hereof set forth on Section 8(b)(iii)(Y) of the Company Disclosure Schedule, Buyer shall defend the Company in respect to such matters, and the Stockholders shall indemnify Parent and Buyer from and against the entirety of any Adverse Consequences resulting from, arising out of, relating to, or caused by such claims, including the reimbursement of all reasonable fees of counsel incurred by Buyer in the defense of such claim. The Stockholders shall have the right to settle such litigation and the Company shall agree to any reasonable settlement term that does not involve any monetary or non-monetary term or condition applicable to the Company or its operations.

(iv) Notwithstanding anything to the contrary herein contained, (i) the Stockholders will indemnify, defend and hold harmless the Parent, the Buyer and the Company from and against any Adverse Consequences as a result of claims based on or arising from any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement, including but not limited to those fees or commissions of The Nassau Group, Inc., and (ii) such indemnification shall not be limited in time or amount or subject to any deductible or cap.

(v) Notwithstanding anything to the contrary herein contained, (i) the Stockholders will indemnify and hold harmless the Parent, the Buyer and the Company from and against ninety five-percent (95%) of the aggregate amount of any Adverse Consequences as a result of claims based on or arising from those matters set forth on Section 3(k)(iv) of the Company Disclosure Schedule, and (ii) such indemnification shall not be limited in time or amount or subject to any deductible or cap. The Company shall defend those claims which are based on or arise from those matters set forth on Section 3(k)(iv) of the Company Disclosure Schedule.

(vi) As security for the indemnification obligations of the Stockholders under this Agreement, the Parties (except for the Company) shall enter into the Escrow Agreement as of the Closing Date, which shall be funded with Two Million Six Hundred Thousand Dollars (US$2,600,000) of the Stock Purchase otherwise payable to the Stockholders (the *"Transaction Escrow"*), with respect to the indemnification obligations arising under the representations, warranties, and covenants contained in this Agreement. The amounts held in the Transaction Escrow shall be held for a period of one (1) year (the *"First Escrow Period"*), provided that Eight Hundred Thousand Dollars (US$800,000) (plus any pending claims under this Section 8) shall be retained in the Transaction Escrow for an additional one-year period after the conclusion of the First Escrow Period (the *"Second Escrow Period"*) to secure the obligations of the Stockholders under the indemnification obligations arising under this Agreement, and provided further that Two Hundred Thousand Dollars (US$200,000) (plus any pending claims under this Section 8) shall be retained in the Transaction Escrow for a third one-year period (the *"Third Escrow Period"*) after the conclusion of the Second Escrow Period to secure the obligations of the Stockholders for indemnification obligations arising under Section 3(k) of this Agreement. The $200,000 held in the Transaction Escrow during the Third Escrow Period shall be held exclusively to secure indemnification obligations arising under Section 3(k) of this Agreement, except to the extent pending claims existing on the first day of the Third Escrow Period are not adequately secured by additional amounts retained in the Transaction Escrow. Amounts held under the Transaction Escrow shall be a nonexclusive source of indemnification for any representations, warranties, or covenants under this Agreement, and shall not otherwise limit the liability of the Stockholders with respect to indemnification under this Agreement.

(c) *Indemnification Provisions for Benefit of the Stockholders.* In the event Parent or Buyer breaches any of their representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to Section 8(a) above, provided that the Stockholders make a written claim for indemnification setting forth in reasonable detail the basis for such claim against the Parent or the Buyer pursuant to Section 9(h) below within such survival period, then the Parent and the Buyer, jointly and severally, agree to defend, indemnify and hold harmless the Stockholders from and against the entirety of any Adverse Consequences (up to but not in excess of the Stock Purchase Consideration) the Stockholders may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Stockholders which arise out of such breach or alleged breach after the end of any applicable survival period) resulting from, arising out of, or caused by the breach (or the alleged breach).

(d) *Matters Involving Third Parties.*

(i) If any third party shall notify any Party (the *"Indemnified Party"*) with respect to any matter (a *"Third Party Claim"*) which may give rise to a claim for indemnification against any other Party (the *"Indemnifying Party"*) under this Section 8, then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(ii) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within fifteen (15) days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (B) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (C) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interest of the Indemnified Party, and (D) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(iii) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 8(d)(ii) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement involving any material monetary or non-monetary term or condition applicable to the Indemnified Party or its operations with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).

(iv) In the event any of the conditions in 8(d)(ii) above is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including reasonable attorneys'fees and expenses), and (C) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Section 8.

(e) *Determination of Adverse Consequences.* The Parties shall take into account the time cost of money (using the Applicable Rate as the discount rate) in determining Adverse Consequences for purposes of this Section 8.

(f) *Post-Closing.* Following the Closing, the remedy of the Stockholders, on the one hand, and the Parent, the Buyer, and the Company on the other hand, with respect to any breach or threatened breach of a representation, warranty or covenant contained herein or with respect to any event, circumstance or condition occurring on or before the Closing shall be limited to the enforcement of the indemnification obligations set forth in Section 8; *provided, however,*that nothing provided in this Section 8(f) shall limit the right of any Party to seek any equitable remedy available to enforce his or its rights hereunder in accordance with Section 9(o).

9. MISCELLANEOUS.

(a) *Press Releases and Public Announcements.* Neither the Company, its Subsidiaries, nor the Stockholders shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the Parent. The Parent, upon prior notice to the Company and Abel and with their advance consent (which may not be unreasonably withheld), may make any public disclosure it believes in good faith is required or permitted by applicable law or any listing or trading agreement concerning its publicly-traded securities. Subject to applicable law or regulation, no press release issued to the media or the public by the Parent shall include the identity of any of the Stockholders.

(b) *No Third-Party Beneficiaries.* This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(c) Stockholder Liability. The liability of the Stockholders under this Agreement shall be joint and several.

(d) *Entire Agreement.* This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(e) *Succession and Assignment.* This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of each other Party; provided, however, that either the Parent or the Buyer may (i) assign the Buyer's rights hereunder to any of the Parent's affiliates and (ii) designate one or more of its affiliates to perform the Buyer's obligations hereunder (in any or all of which cases the assigning Party nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(f) *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) *Headings.* The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) *Notices.* All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Buyer or the Company:

Larry K. Christensen
Abel L.P.
c/o Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Copy to:
Thomas R. McNeill
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, NE, 16th Floor
Atlanta, GA 30303
Facsimile: (404) 572-6999

If to the Stockholders:

Dr. Goerdt K. Abel
Pink House Road
Sewickley, PA 15143
Facsimile: (412) 741-7978

Copy to:
Chris Carson, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, Ste. 1500
Pittsburgh, PA 15222
Facsimile: (412) 209-0672

Goerdt K. Abel Irrevocable Trust No. 1
Pink House Road
Sewickley, PA 15143

Copy to:
Chris Carson, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, Ste. 1500
Pittsburgh, PA 15222
Facsimile: (412) 209-0672

Goerdt K. Abel Irrevocable Trust No. 2
Pink House Road
Sewickley, PA 15143

Copy to:
Chris Carson, Esq.
Cohen & Grigsby, P.C.
11 Stanwix Street, Ste. 1500
Pittsburgh, PA 15222
Facsimile: (412) 209-0672

If to the Parent:

Larry K. Christensen Roper Industries, Inc. 160 Ben Burton Road Bogart, Georgia 30622 Facsimile: (706) 353-6496	Copy to: Thomas R. McNeill Powell, Goldstein, Frazer & Murphy LLP 191 Peachtree Street, 16th Floor Atlanta, Georgia 30303 Facsimile: (404) 572-6999

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(i) *Governing Law.* This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(j) *Amendments and Waivers.* No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(l) *Expenses.* The Parent and the Buyer will bear (i) their own costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby, including without limitation 100% of the filing fees applicable to the filings made under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and (ii) the reasonable legal fees of Cohen & Grigsby, P.C. incurred by the Company and the Stockholders in connection with this Agreement and the transactions contemplated hereby since May 1, 2000, provided that the aggregate amount of such legal fees subject to payment by Parent and Buyer shall not exceed $10,000. The Stockholders each shall bear (i) each of their own costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses, and the fees and expenses of The Nassau Group, Inc.) and (ii) the costs and expenses (including but not limited to financial, advisory, accounting, and legal fees and expenses, and the fees and expenses of The Nassau Group, Inc.) of the Company and its Subsidiaries, incurred in connection with this Agreement and the transactions contemplated hereby.

(m) *Construction.* Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including“ shall mean including without limitation. Items set forth in the Company Disclosure Schedule shall be deemed an exception only to the representations and warranties for which they are identified and any other representations or warranties to which the Company Disclosure Schedule with respect to representations and warranties contain in appropriate cross-reference.

(n) *Incorporation of Exhibits and Schedules.* The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

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

(p) *Submission to Jurisdiction.* Each of the Parties submits to the jurisdiction of any state or federal court sitting in the Western District of the Commonwealth of Pennsylvania in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Any Party may make service on any other Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 9(h) above. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

(q) *Arbitration.* Except as otherwise set forth in this Agreement, all disputes arising out of or under this Agreement shall be settled by arbitration in a location in the Western District of the Commonwealth of Pennsylvania mutually acceptable to the Parties before a single arbitrator pursuant to the rules of the American Arbitration Association. Arbitration may be commenced at any time by any of the Parties by giving written notice to each other than such dispute has been referred to arbitration under this Section 9(q). The arbitrator shall be selected by the joint agreement of the Parties, but if they do not so agree within twenty (20) days after the date of receipt of the notice referred to above, the selection shall be made pursuant to the rules from the panels of arbitrators maintained by the American Arbitration Association. Any award rendered by the arbitrator shall be conclusive and binding upon the Parties hereto; provided, however, that any such award shall be accompanied by a written opinion of the arbitrator giving the reason for the award. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the arbitrator in accordance herewith shall be final and binding and there shall be no right of appeal therefrom. The arbitrator shall assess, as part of his award to the prevailing Party, all or such part as the arbitrator deems proper of the arbitration expenses of the prevailing Party (including reasonable attorneys'fees) and of the arbitrator against the Party that is unsuccessful in such claim, defense or objection.

(r) *Governing Currency.* The governing currency for all purposes under this Agreement shall be U.S. Dollars. The March 31 Balance Sheet shall be prepared utilizing the exchange rates in the *Wall Street Journal* published on the Closing Date and in accordance with GAAP. In all other cases, currency values shall be converted to U.S. Dollars as of the third (3rd) business day preceding the date scheduled for payment at the applicable exchange rates as specified in the *Wall Street Journal* (U.S. edition).

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

BUYER:

Abel L.P.

By: Compressor Controls Corporation, its General Partner

By:_____
Larry K. Christensen
Vice President

PARENT:

Roper Industries, Inc.

By:_____
Larry K. Christensen
Group Vice President

COMPANY:

AHC, Inc.

By:_____
Name:_____
Title:_____

STOCKHOLDERS:

_____
Dr. Goerdt K. Abel

[signatures continued on following page]

[signatures continued from previous page]

Goerdt K. Abel Irrevocable Trust No. 1

By:_____
Godard Abel
Trustee

Goerdt K. Abel Irrevocable Trust No. 2

By:_____
Margell Abel
Trustee

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

ATK ACQUISITION SUBSIDIARY, INC.,

ROPER INDUSTRIES DEUTSCHLAND GMBH,

ROPER INDUSTRIES, INC.,

ANTEK INSTRUMENTS, INC.,

ANTEK INDUSTRIAL INSTRUMENTS, INC.,

NITEC, INC.,

AND

DONALD M. WREYFORD, LILLIAN A. WREYFORD, ROBERT J. SADLER, KENYON CLONTS, RONNIE M. WREYFORD, RANDY L. WREYFORD, JAMES S. WREYFORD, DEBORAH A. WREYFORD, and LARRY D. WREYFORD

August 11, 2000

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "*Agreement*") is entered into on August 11, 2000, by and among **ATK ACQUISITION SUBSIDIARY, INC.**, a Delaware corporation ("*Buyer*"), **ROPER INDUSTRIES DEUTSCHLAND GMBH**, a corporation organized under the laws of Germany ("*Roper Deutschland*"), **ROPER INDUSTRIES, INC.**, a Delaware corporation and parent of Buyer and Roper Deutschland ("*Parent*"), **ANTEK INSTRUMENTS, INC.**, a Delaware corporation ("*Antek Instruments Delaware*") and successor by merger to Antek Instruments Inc., a Texas Corporation ("*Antek Instruments Texas"*), **ANTEK INDUSTRIAL INSTRUMENTS, INC.**, a Delaware corporation ("*Antek Industrial Delaware*") and successor by merger to Antek Industrial Instruments, Inc., a Texas corporation ("*Antek Industrial Texas*"), **NITEC, INC.**, a Delaware corporation ("*Nitec Delaware*") and successor by merger to Nitec, Inc., a Texas corporation ("*Nitec Texas"*) (Each of Antek Instruments Delaware, Antek Industrial Delaware and Nitec Delaware are referred to herein as the "Delaware Companies" and each, a "Delaware Company"; each of Antek Instruments Texas, Antek Industrial Texas and Nitek Texas are referred to herein as the "Texas Companies" and each a "Texas Company"; and the Delaware Companies and the Texas Companies are collectively referred to herein as the "Companies", and each a "Company"), and **DONALD M. WREYFORD**, an individual resident of the State of Texas, **LILLIAN A. WREYFORD**, an individual resident of the State of Texas, **ROBERT J. SADLER**, an individual resident of the State of Georgia, **KENYON CLONTS**, an individual resident of the State of Texas, **RONNIE M. WREYFORD**, an individual resident of the State of Texas, **RANDY L. WREYFORD**, an individual resident of the State of Texas, **JAMES S. WREYFORD**, an individual resident of the State of Texas, **DEBORAH A. WREYFORD**, an individual resident of the State of California, and **LARRY D. WREYFORD**, an individual resident of the State of Texas (each a "*Stockholder*" and collectively, the "*Stockholders*"). The Buyer, Roper Deutschland, Parent, the Companies, and the Stockholders are referred to collectively herein as the "*Parties*".

The Companies, together with Antek Instruments' wholly-owned subsidiary, Antek Instruments GmbH, design, manufacture, market, sell and distribute worldwide proprietary instruments for the detection and analysis of nitrogen-, sulfur-, fluoride-, and nitric oxide-containing compounds.

This Agreement contemplates a purchase and sale of the Companies and the German Subsidiary of Antek Instruments in which (i) prior to the Closing Roper Deutschland shall acquire from Antek Instruments Texas all of the issued and outstanding capital stock of Antek Instruments GmbH, (ii) prior to the Closing Buyer shall acquire from the Texas Companies all of the inventory of the Texas Companies, and (iii) at the Closing the Delaware Companies shall merge with and into the Buyer, with the Buyer being the surviving corporation, and in connection therewith, Antek Instruments, the Companies, and the Stockholders, respectively, will receive consideration in the form of cash.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. DEFINITIONS.

"*Acquired Inventory*" has the meaning set forth in Section 2(a)(ii) below.

"*Adverse Consequences*" means all losses, Liabilities, damages, deficiencies, costs or expenses (whether or not arising out of third party claims) in connection with any actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, penalties, fines, amounts paid in settlement, obligations, Taxes, liens, and fees, including court costs and reasonable attorneys' fees and expenses.

"*Affiliate*" is used to indicate a relationship to a specified person, firm, corporation, partnership, limited liability company, association or entity, and means any person, firm, corporation, partnership, limited liability company, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with such person, firm, corporation, partnership, limited liability company, association or entity.

"*Affiliated Group*" means any affiliated group within the meaning of Code Section 1504(a) (or any similar group defined under a similar provision of state, local, or foreign law).

"*Aggregate Consideration*" has the meaning set forth in Section 2(d)(i).

"*Antek Industrial Delaware*" has the meaning set forth in the preface above.

"*Antek Industrial Texas*" has the meaning set forth in the preface above.

"*Antek Industrial Shares*" means the shares of the common stock of Antek Industrial Delaware, par value $0.01 per share.

"*Antek Instruments Delaware*" has the meaning set forth in the preface above.

"*Antek Instruments Texas*" has the meaning set forth in the preface above.

"*Antek Instruments Shares*" means the shares of the common stock of Antek Instruments Delaware, par value $0.01 per share.

"*Applicable Rate*" means the corporate base rate of interest announced from time to time by Bank One, NA.

"*Arbitrator*" has the meaning set forth in Section 2(i)(viii) below.

"*Basis*" means any past or present fact, situation, circumstance, status, condition, activity, practice, occurrence, event, incident, action, failure to act, or transaction that forms or could reasonably be expected to form the basis for any specified consequence.

"*Business*" means the business conducted by the Companies and the German Subsidiary prior to and as of the Closing Date, taken as a whole.

"*Buyer*" has the meaning set forth in the preface above.

"*Buyer's Advisors*" has the meaning set forth in Section 6(a)(i) below.

"*California Income* and *Franchise Tax Escrow*" has the meaning set forth in Section 8(b)(iv) below.

"*California Sales* and *Use Tax Escrow*" has the meaning set forth in Section 8(b)(iv) below.

"*Certificates*" has the meaning set forth in Section 2(f) below.

"*Closing*" has the meaning set forth in Section 2(g) below.

"*Closing Date*" has the meaning set forth in Section 2(g) below.

"*COBRA*" has the meaning set forth in Section 3(x)(x) below.

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

"*Companies*" has the meaning set forth in the preface above.

"*Company Plans*" has the meaning set forth in Section 3(x) below.

"*Confidential Information*" means: (a) confidential data and confidential information relating to the business of any Party (the "*Protected Party*") which is or has been disclosed to another Party (the "*Recipient*") or of which the Recipient became aware as a consequence of or through its relationship with the Protected Party and which has value to the Protected Party and is not generally known to its competitors and which is designated by the Protected Party as confidential or otherwise restricted; and (b) information of the Protected Party, without regard to form, including, but not limited to, Intellectual Property, technical or nontechnical data, algorithms, formulas, patents, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product or service plans or lists of customers or suppliers which is not commonly known or available to the public and which information (i) derives economic value from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Notwithstanding anything to the contrary contained herein, Confidential Information shall not include any data or information that (v) has been voluntarily disclosed to the public by the Protected Party, (w) has been independently developed and disclosed to the public by others, (x) otherwise enters the public domain through lawful means, (y) was already known by Recipient prior to such disclosure (as evidenced by written documentation) or was lawfully and rightfully disclosed to Recipient by another Person, or (z) that is required to be disclosed by law or order without the availability of applicable protective orders or treatment.

"*Consulting Agreement*" has the meaning set forth in Section 5(a)(xi) below.

"*Delaware Act*" means the General Corporation Law of the State of Delaware, as amended.

"*Delaware Companies*" has the meaning set forth in the preface above.

"*Earn-out Payments*" has the meaning set forth in Section 2(i)(i) below.

"*Employee Benefit Plan*" means any (i) nonqualified deferred compensation or retirement plan or arrangement, including any Employee Pension Benefit Plan (as defined in ERISA Section 3(2)), (ii) qualified defined contribution retirement plan or arrangement, including any Employee Pension Benefit Plan, (iii) qualified defined benefit retirement plan or arrangement, including any Employee Pension Benefit Plan (including any Multiemployer Plan), (iv) employee welfare benefit plan, including any Employee Welfare Benefit Plan (as defined in ERISA Section 3(1)), (v) fringe benefit plan or program, and (vi) each employment, severance, salary continuation or other contract, incentive plan, insurance plan arrangement, bonus plan and any equity plan or arrangement without regard to whether such plan, arrangement, program or contract exists under US or any similar non-US law, rule or regulation.

"*Employment Agreement*" has the meaning set forth in Section 5(a)(xii) below.

"*Environmental, Health, and Safety Laws*" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other US and non-US laws (including rules, regulations, state law rulings, codes, plans, permits, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local and foreign governments (which foreign governments shall include, but not be limited to, Germany and the European Union) (and all agencies thereof) concerning pollution or protection of the environment, natural resources, public health and safety, or employee health and safety, including, but not limited to, laws relating to emissions, discharges, releases, or threatened releases of Hazardous Substances in ambient air, surface water, drinking water, wetlands, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes.

"*Equity Rights*" has the meaning set forth in Section 6(d) below.

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

"*Escrow Agent*" means SunTrust Bank, N.A.

"*Escrow Agreement*" means the Escrow Agreement dated the Closing Date, entered into among the Parent, the Buyer, the Stockholders and the Escrow Agent with respect to the indemnification obligations of the Stockholders under Section 8 of this Agreement, the form of which is set forth as Exhibit A.

"*Exchange Act*" has the meaning set forth in Section 4(d) below.

"*Extremely Hazardous Substance*" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended, and any counterpart or similar non-US law.

"*Fiduciary*" has the meaning set forth in ERISA Section 3(21).

"*Financial Statements*" has the meaning set forth in Section 3(g) below.

"*First Escrow Period*" has the meaning set forth in Section 8(b)(iii) below.

"*First Revenue Interval*" has the meaning set forth in Section 2(i)(ii) below.

"*Foreign Plans*" has the meaning set forth in Section 3(x)(ii) below.

"*GAAP*" means United States generally accepted accounting principles as in effect as of the date hereof.

"*German Subsidiary*" means Antek Instruments GmbH, a corporation organized under the laws of Germany and a Subsidiary of Antek Instruments Texas.

"*German Subsidiary Shares*" has the meaning set forth in Section 2(a)(iii) below.

"*Hazardous Substance*" means any substance regulated under or defined by Environmental, Health, and Safety Laws, including, but not limited to, any pollutant, contaminant, hazardous substance, hazardous constituent, hazardous waste, special waste, solid waste, industrial waste, petroleum derived substance or waste, or toxic substance.

"*Houston Lease*" has the meaning set forth in Section 5(a)(xvi) below.

"*Indebtedness*" means (i) all indebtedness for borrowed money or for the deferred purchase price of property or services (including, without limitation, reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), including the current portion of such indebtedness, (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, and (iii) all capital lease obligations.

"*Indemnified Party*" has the meaning set forth in Section 8(d) below.

"*Indemnifying Party*" has the meaning set forth in Section 8(d) below.

"*Intellectual Property*" means, with respect to the Business:

(a) all inventions (whether patentable or unpatentable), all improvements thereto, and all US and non-US patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof;

(b) all US and non-US trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith;

(c) all copyrightable works, all US and non-US copyrights, and all applications, registrations, and renewals in connection therewith;

(d) all mask works and all applications, registrations, and renewals in connection therewith;

(e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals);

(f) all computer software (including data and related documentation);

(g) all other intangible property; and

(h) all copies and tangible embodiments thereof (in whatever form or medium) in the possession of the Companies and the German Subsidiary.

"*Inventory Count*" has the meaning set forth in Section 5(a)(xiv) below.

"Knowledge," with respect to the Companies and the German Subsidiary, means the actual knowledge of Donald M. Wreyford, Randy L. Wreyford, James S. Wreyford, Ronnie M. Wreyford, William Alger, Dr. Peter Christiansen, or any of them.

"*Lease Amendment*" has the meaning set forth in Section 5(a)(xvi) below.

"*Leased Real Property*" has the meaning set forth in Section 3(l) below.

"*Liability*" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"*Marble Falls Facility*" has the meaning set forth in Section 5(a)(xvii) below.

"*Merger*" has the meaning set forth in Section 2(a)(iii) below.

"*Merger Consideration*" has the meaning set forth in Section 2(d)(i) below.

"*Multiemployer Plan*" has the meaning set forth in ERISA Section 3(37).

"*Net Sales*" means the net sales of the Buyer, as determined in accordance with GAAP.

"*Nitec*" has the meaning set forth in the preface above.

"*Nitec Shares*" means the shares of the common stock of Nitec Delaware, par value $0.01 per share.

"*Noncompetition and Assignment of Inventions Agreement*" has the meaning set forth in Section 5(a)(ix) below.

"*Notice of Disagreement with Revenue Statement*" has the meaning set forth in Section 2(i)(vi) below.

"*Ordinary Course of Business*" means the ordinary course of business as presently conducted consistent with past custom and practice (including with respect to quantity and frequency).

"*Party*" has the meaning set forth in the preface above.

"*Pennsylvania Franchise and Income Tax Escrow*" has the meaning set forth in Section 8(b)(iv) below.

"*Pennsylvania Municipal Tax Escrow*" has the meaning set forth in Section 8(b)(iv) below.

"*Pennsylvania Sales and Use Tax Escrow*" has the meaning set forth in Section 8(b)(iv) below.

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

"*Process Agent*" has the meaning set forth in Section 9(o) below.

"*Product Warranty Claims*" means claims of the customers of the Companies and the German Subsidiary and/or users made at any time following Closing in the Ordinary Course of Business with respect to products sold, manufactured, leased or delivered by the Companies and the German Subsidiary on or prior to the Closing Date which (i) are based solely on the Companies' and the German Subsidiary's written product warranties disclosed to Buyer, and (ii) are only for the repair or replacement remedies expressed in such written product warranties.

"*Prohibited Transaction*" has the meaning set forth in Section 3(x)(xi)(B) below.

"*Real Property*" means, collectively, the real property interests of the Companies and the German Subsidiary, wherever located, but excluding Leased Real Property (as defined in Section 3(l)(ii)).

"*Revenue Interval*" has the meaning set forth in Section 2(i)(ii) below.

"*Revenue Statement*" has the meaning set forth in Section 2(i)(v) below.

"*Roper Deutschland*" has the meaning set forth in the preface above.

"*SEC Reports*" has the meaning set forth in Section 4(d) below.

"*Second Escrow Period*" has the meaning set forth in Section 8(b)(iii) below.

"*Security Interest*" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens incurred in the Ordinary Course of Business with respect to Liabilities not yet due and payable, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"*Segovia Ranch*" has the meaning set forth in Section 5(a)(xix) below.

"*State Tax Obligations*" has the meaning set forth in Section 7(e).

"*Stockholder Disclosure Schedule*" has the meaning set forth in Section 3 below.

"*Stockholder Representative*" means Donald M. Wreyford, who as a result of the due authorization of this Agreement by the Stockholders shall be deemed to have been appointed by the Stockholders for the purpose of acting on behalf of the Stockholders with respect to the transactions contemplated by this Agreement, including without limitation acting as transfer agent for the Antek Instruments Shares, the Antek Industrial Shares, and the Nitec Shares, administering certain portions of the Aggregate Consideration, as adjusted, as set forth in Section 2 below, and making decisions with respect to indemnity claims and amendments to the Agreement or any ancillary agreements.

"*Stockholders*" has the meaning set forth in the preface above.

"*Subsequent Revenue Interval*" has the meaning set forth in Section 2(i)(ii) below.

"*Subsidiary*" means any corporation, limited partnership, limited liability company, or other entity with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock, units or other equity interests or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors, and means specifically, with respect to the Antek Instruments, Antek Instruments GmbH, a corporation organized under the laws of Germany.

"*Surviving Corporation*" has the meaning set forth in Section 2(b) below.

"*Takeover Proposal*" means any written inquiry, proposal or offer from any Person relating to (A) any direct or indirect acquisition or purchase of (i) the assets of the Companies or the German Subsidiary outside of the Ordinary Course of Business, or (ii) any securities of the Companies or the German Subsidiary (other than the transactions contemplated by this Agreement), or (B) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Companies or the German Subsidiary.

"*Target*" shall have the meaning set forth in Section 2(i)(iii) below.

"*Tax*" means any federal, state, local, or foreign (including, but not limited to, those of Germany or the European Union) income, built-in gains (within the meaning of Code Section 1374 or any comparable foreign, state or local provisions), gross receipts, excess net passive income (within the meaning of Code Section 1375 or

any comparable foreign, state or local provisions), license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, retailer's occupation taxes and other taxes commonly understood to be sales or use taxes, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, and includes, with respect to Antek Instruments GmbH, a corporation organized under the laws of Germany, German taxes as defined in Section 3, paragraph 1 of the German General Tax Code, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, including without limitation supplementary taxes as defined in Section 3, paragraph 3 of the German General Tax Code.

"*Tax Escrow*" has the meaning set forth in Section 8(b)(iv) below.

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

"*Third Party Claim*" has the meaning set forth in Section 8(d)(i) below.

"*Transaction Escrow*" has the meaning set forth in Section 8(b)(iv) below.

"*Undisclosed Liabilities*" has the meaning set forth in Section 3(i) below.

"*US Plans*" has the meaning set forth in Section 3(x)(ii) below.

2. ACQUISITION OF GERMAN SUBSIDIARY AND OTHER PRE-CLOSING TRANSACTIONS; MERGER.

(a) *Delaware Re-Incorporation; Inventory Purchase; Acquisition of German Subsidiary*

(i) Prior to the Closing, each of the Companies shall take all actions necessary and required under the laws of the State of Texas and the State of Delaware to (x) terminate the corporate existence of each of the Texas Companies in the State of Texas, and (y) establish the corporate existence of each of the Delaware Companies in the State of Delaware.

(ii) Prior to the Closing, Buyer will purchase, acquire and accept from the Texas Companies, and the Texas Companies will sell, assign, convey and deliver to the Buyer, all of the right, title, and interest of the Texas Companies in and to the inventory of the Companies which is part of the Inventory Count, free and clear of any Security Interest (the *"Acquired Inventory"*) for an aggregate purchase price of One Million Three Hundred Thousand Dollars ($1,300,000), payable by check, which amount shall be allocated $975,000 to the inventory of Antek Instruments Texas and $325,000 to the inventory of Antek Industrial Texas. Each of the Texas Companies and the Buyer will execute a bill of sale or other instrument certificate, in form and substance reasonably satisfactory to the Buyer, to effectuate the same. Immediately prior to the Closing, the Companies shall make a distribution to the Stockholders, *pro rata* in accordance with the percentage of shares of the capital stock of the Companies owned by each Stockholder; of an amount equal to the purchase price for such Inventory.

(iii) Prior to the Closing, Roper Deutschland will purchase, acquire and accept from Antek Instruments Texas, and Antek Instruments Texas will sell, assign, convey and deliver to Roper Deutschland, all of its right, title and interest in and to the capital stock of the German Subsidiary (the *"German Subsidiary Shares"*), free and clear of any Security Interest, for a purchase price of Sixty Thousand Dollars (US$60,000), which amount shall be paid to a bank or other account designated in writing to the Parent by Antek Instruments Texas by wire transfer or other immediately available funds. Immediately prior to the Closing, Antek Instruments Texas shall make a distribution to its shareholders, pro rata in accordance with the percentage of shares of the capital stock of Antek Instruments owned by each such shareholder, of an amount equal to the purchase price for the German Subsidiary Shares.

(b) *Merger*.

At the Closing and subject to the terms and conditions of this Agreement, the Delaware Companies shall be merged with and into the Buyer (the *"Merger"*), in accordance with the relevant provisions of the Delaware Act, the separate corporate existence of each of the Delaware Companies shall cease and the Buyer shall continue as the surviving corporation (the *"Surviving Corporation"*). The Merger shall have the effect set forth in the Delaware Act.

(c) *Execution of Merger.*

At the Closing, the Parties shall cause the Merger to be consummated by delivering a certificate of merger to the Secretary of State of Delaware executed in accordance with relevant provisions of the Delaware Act for filing thereby. The Certificate of Incorporation of the Buyer as in effect immediately prior to the Closing shall be the Certificate of Incorporation of the Surviving Corporation; provided, however, that the name of the Surviving Corporation shall be Antek Instruments, Inc. The bylaws of the Buyer as in effect immediately prior to the Closing shall be the bylaws of the Surviving Corporation. The officers and directors of Buyer immediately prior to the

Closing shall be the officers and directors of the Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

(d) *Effect of Merger*.

At the Closing, by virtue of the Merger and without any action on the part of the holders thereof:

(i) all of the Antek Instruments Shares, Antek Industrial Shares, and Nitec Shares shall be converted into, and represent the right to receive in the manner provided in Section 2(e) below, (x) Twenty Million Seven Hundred Eighty Thousand Six Hundred Two and 84/100 Dollars ($20,780,602.84) plus (y) the post-Closing contingent payments set forth in Section 2(i) below (the *"Aggregate Consideration"*) less the amounts to be paid at Closing described in Section 2(e)(i), Section 2(e)(ii), Section 2(e)(iii), and Section 2(e)(iv) below (the net amount referred to as the *"Merger Consideration"*);

(ii) each share of capital stock of Antek Instruments Delaware, Antek Industrial Delaware, and Nitec Delaware that is held in the treasury of the Antek Instruments Delaware, Antek Industrial Delaware, or Nitec Delaware, if any, shall be cancelled and retired and cease to exist and no consideration shall be issued in exchange therefor; and

(iii) each issued and outstanding share of capital stock of Buyer shall be converted into and become one fully paid and non-assessable share of capital stock of the Surviving Corporation.

(e) *Reductions from and Payment of Aggregate Consideration.*

At Closing, the Aggregate Consideration shall be reduced or paid as follows:

(i) That amount, if any required to be paid to applicable lenders, if any, to satisfy in full the Indebtedness of the Companies and the German Subsidiary as of the Closing Date (other than the Indebtedness of the Companies to Marble Falls Industrial Development Corporation with respect to the Marble Falls Facility.)

(ii) $777,725.92, shall be paid to Larry Wreyford to satisfy in full the Indebtedness of the Companies as of the Closing Date to Larry Wreyford in connection with prior repurchases by the Companies of certain of his shares of Antek Industrial Texas, Antek Instruments Texas, and Nitec Texas;

(iii) $2,000,000 shall be paid to the Escrow Agent as the Transaction Escrow, to be held and disbursed as provided in Section 8 below and the Escrow Agreement;

(iv) $642,000 shall be paid to the Escrow Agent as the Tax Escrow, to be held and disbursed as provided in Section 7(e) and Section 8 below, and the Escrow Agreement; and

(v) the balance of the Merger Consideration shall be paid to a bank or other account designated in writing to the Buyer by the Stockholder Representative at least two business days prior to the Closing Date by wire transfer or other immediately available funds, which amount shall be paid to the Stockholders, pro rata in the manner set forth in Section 2(e)(v) of the Stockholder Disclosure Schedule.

(vi) the Aggregate Consideration shall be allocated by the Parties for tax purposes in accordance with the principles set forth in Schedule 2(e)(vi) hereto.

(f) *Surrender of Stock Certificates*.

The Stockholders and the Delaware Companies hereby appoint Stockholder Representative as transfer agent for the purpose of exchanging certificates representing the Antek Instruments Shares, the Antek Industrial Shares, and the Nitec Shares for each Stockholder's portion of the Aggregate Consideration, as set forth in Section 2(e) above. At the Closing, each Stockholder shall deliver an executed stock power, in a form reasonably satisfactory to the Parent, together with those original certificates that immediately prior to the Closing represented the Antek Instruments Shares, the Antek Industrial Shares, and the Nitec Shares held by the Stockholders, or a duly executed affidavit of lost certificate and indemnity for any Antek Instruments, Antek Industrial, or Nitec, Certificate which has been lost, stolen, seized or destroyed (the *"Certificates"*), to Parent. Upon the surrender of Certificates to Parent, the Stockholders shall be entitled to receive in exchange therefor the Merger Consideration in accordance with the provisions of this Agreement.

(g) *The Closing*.

The closing of the transactions contemplated by this Agreement (the *"Closing"*) shall take place at the offices of Mayor, Day, Caldwell & Keeton, L.L.P., 700 Louisiana, Suite 1900, Houston, Texas 77002, at 10:00 a.m., on August 11, 2000, or such other date and time, or in such other manner, as the Parties may agree (the *"Closing Date"*). As between themselves, the Parties agree that the transactions contemplated by this Agreement and the transfer of the Business to Buyer shall be effective as of the opening of business on the Closing Date.

(h) *Deliveries at the Closing*.

At the Closing, (i) the Companies and the Stockholders will deliver to the Parent and the Buyer the various certificates, instruments, and documents referred to in Section 5(a) below; (ii) the Parent and the Buyer will deliver to the Companies and the Stockholder Representative the various certificates, instruments, and documents referred to in Section 5(b) below; (iii) the Companies and the Stockholders will execute, acknowledge (if appropriate), and deliver to the Parent and the Buyer such documents as the Parent, the Buyer and their counsel may reasonably request; (iv) the Buyer will execute, acknowledge (if appropriate), and deliver to the Companies such documents as the Companies and the Stockholder Representative and their counsel reasonably may request; and (v) the Buyer will deliver to the Stockholders, and others specified in Section 2(e), the Aggregate Consideration.

(i) *Earn-Out Payments.*

(i) The Stockholders, in the manner set forth in Section 2(e)(v) of the Stockholder Disclosure Schedule, will be entitled to receive contingent payments up to Six Million Dollars ($6,000,000) (the *"Earn-out Payments"*) in accordance with the provisions of this Section 2(i). Set forth in Section 2(i)(iii) below is a target of the anticipated Net Sales of the Buyer to be incurred during each Revenue Interval (as defined below). In the event that the Net Sales of the Buyer incurred during each Revenue Interval exceed the respective Target (as defined in Section 2(i)(iii) below) for such Revenue Interval, Earn-out Payments which equal (A) 0.22, multiplied by (B) (x) the Net Sales of the Buyer incurred during such Revenue Interval, less (y) the Target for such Revenue Interval (as defined in Section 2(i)(iii) below), shall be payable to the Stockholders with respect to such Revenue Interval.

(ii) The Earn-out Payments (if any) shall be made with respect to Net Sales incurred during (i) the period from January 1, 2000, through December 31, 2000 (the *"First Revenue Interval"*), and (ii) each subsequent calendar year ending on December 31, from January 1, 2001, through December 31, 2004 (each a *"Subsequent Revenue Interval"*) (the First Revenue Interval, and each Subsequent Revenue Interval, a *"Revenue Interval"*), and will be paid in accordance with Section 2(i)(ix) upon the final determination of the Revenue Statement for the applicable Revenue Interval in accordance with this Section 2(i).

(iii) As used in this Section 2(i), the target of the anticipated Net Sales of the Buyer to be incurred during each Revenue Interval (the *"Target"*) is as follows: (A) with respect to the First Revenue Interval, the Target shall equal $15,844,700; (B) with respect to the January 1, 2001, through December 31, 2001, Revenue Interval, the Target shall equal $20,259,300; (C) with respect to the January 1, 2002, through December 31, 2002, Revenue Interval, the Target shall equal $26,180,400; (D) with respect to the January 1, 2003, through December 31, 2003, Revenue Interval, the Target shall equal $31,023,000; and (E) with respect to the January 1, 2004, through December 31, 2004, Revenue Interval, the Target shall equal $36,762,000.

(iv) Any amount or calculation to be made in connection with the Earn-out Payments shall be determined or made in accordance with GAAP, and to the extent consistent with GAAP, consistent with the past accounting methodologies of the Companies. All accounting entries will be made regardless of their amount and all detected errors and omissions will be corrected regardless of their materiality.

(v) Within sixty (60) days following the end of each Revenue Interval, the Buyer shall, at its expense, conduct a financial review of the business of the Buyer, and in connection with such review, shall prepare a statement of Net Sales of the Buyer with respect to such Revenue Interval (the *"Revenue Statement"*). Promptly after completion of the review and the preparation of the Revenue Statement for the applicable Revenue Interval (but in no event later than 90 days following the end of such Revenue Interval), the Buyer at its expense shall deliver to the Stockholder Representative a copy of such Revenue Statement, together with copies of such computations and all reasonable supporting documentation. During the 60 days immediately following receipt of the Revenue Statement by the Stockholder Representative, the Stockholder Representative and his accountants shall be entitled to review the Revenue Statement and any working papers, trial balances and similar materials relating to the Revenue Statement prepared by the Buyer or its accountants, and the Buyer shall provide the Stockholder Representative and his accountants with reasonable access, during the Buyer's normal business hours, to the Buyer's personnel, properties, books and records for the sole purpose of verifying the Revenue Statement.

(vi) The Revenue Statement shall become final and binding upon the Parties on the 10th day following written notice from the Stockholder Representative that the Revenue Statement is agreed to, or in the absence of such notice, on the 61st day following delivery of such Revenue Statement, unless the Stockholder Representative gives written notice to the Buyer of their disagreement with the Revenue Statement (a *"Notice of Disagreement with Revenue Statement"*) prior to such date. Any Notice of Disagreement with Revenue Statement shall specify in reasonable detail the nature of any disagreement so asserted.

(vii) If a timely Notice of Disagreement with Revenue Statement is received by the Buyer with respect to the Revenue Statement, then the Revenue Statement shall become final and binding upon the Parties on the earlier of (A) the date the Buyer and the Stockholder Representative resolve in writing all differences they have with respect to the matters specified in a Notice of Disagreement with Revenue Statement, or (B) the date the matters in dispute are finally resolved in writing by the Arbitrator in the manner described below.

(viii) During the 30 days immediately following the delivery of any Notice of Disagreement with Revenue Statement, the Buyer and the Stockholder Representative shall seek in good faith to resolve in writing any differences which they may have with respect to the matters specified in such Notice of Disagreement with Revenue Statement. During such period, the Stockholder Representative and his accountants shall each have access to the Buyer's working papers, trial balances and similar materials (including the working papers, trial balances and similar materials of the Buyer's accountants) prepared in connection with the Buyer's preparation of the Revenue Statement. If such differences have not been resolved by the end of such 30-day period, the Buyer and the Stockholder Representative shall submit to the Houston, Texas, office of PriceWaterhouseCoopers, LLP (the *"Arbitrator"*) for review and resolution any and all matters which remain in dispute and which were included in any Notice of Disagreement with Revenue Statement (it being understood that the Arbitrator shall act as an arbitrator to determine only those matters which remain in dispute), and the Arbitrator shall reach a final, binding resolution of all matters which remain in dispute, which final resolution shall be (A) in writing, (B) furnished to the Buyer and the Stockholder Representative as soon as practicable after the items in dispute have been referred to the Arbitrator, and (C) made in accordance with this Agreement. The Revenue Statement, with any adjustments necessary to reflect the Arbitrator's resolution of the matters in dispute, shall become final and binding on the Parties on the date the Arbitrator delivers its final resolution to the Parties. Each Party shall pay its own costs and expenses incurred in connection with such arbitration, provided that the fees and expenses of the Arbitrator shall be borne 50% by the Buyer and 50% by the Stockholders. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the Arbitrator in accordance with the provisions hereof shall be final and binding with respect to the matters so arbitrated and there shall be no right of appeal therefrom.

(ix) If an Earn-out Payment is payable with respect to any Revenue Interval as determined in accordance with this Section 2(i), such Earn-out Payment shall be paid by the Buyer to the Stockholders, pro rata in the manner set forth in Section 2(e)(v) of the Stockholder Disclosure Schedule, within ten (10) days following the Stockholders' agreement to or final resolution of the applicable Revenue Statement; provided, however, that any Earn-Out Payment payable with respect to the First Revenue Interval shall be due and payable on the later of (a) the 10th day following the date of the Stockholder's agreement to a final resolution of the applicable Revenue Statement and (b) the first business day following the first anniversary of the Closing Date. In no event, however, shall the aggregate amount of all Earn-out Payments exceed $6,000,000, and under no circumstances shall the Stockholders be entitled to allocate Net Sales from one Revenue Interval to another Revenue Interval.

(x) Until December 31, 2004, (a) the Buyer shall, and Parent shall cause the Buyer to, maintain separate books of account for the Net Sales of the Business, for the purposes of determining whether Buyer has achieved the Targets set forth in this Section 2(i); (b) the Buyer shall not, and Parent shall not permit Buyer to, sell or dispose of any substantial part of the Business or the assets thereof in a manner that would otherwise materially impair the Net Sales of the Business; and (c) the Buyer shall operate the Business in the Ordinary Course of Business, which for the purposes of this Section 2(i) shall also mean the maintenance of the Business' historical levels of gross margins and capital expenditures. Parent and Buyer shall not permit any other of their affiliates to divert for their benefit, directly or indirectly, the Net Sales potential of the Business; provided, that, affiliates of the Parent with sales and distribution capabilities comparable to third parties may as an agent or representative represent and/or distribute products of the Business on terms and conditions comparable to what would have been offered by such third parties if proceeds from such sales are credited to Net Sales for purposes of determining whether any Target has been achieved.

(xi) It is expressly understood between Buyer, Parent and Stockholders that the Earn-Out Payments contemplated herein are included as part of the consideration paid for the stock of the Companies pursuant to this Section 2.

3. REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS.

The Stockholders, jointly and severally, represent and warrant to the Parent and the Buyer that the statements contained in this Section 3 are true, correct and complete as of the date hereof, and will be true, correct and complete as of the Closing Date, except as specified to the contrary in the corresponding paragraph of the disclosure schedule prepared by the Companies and the Stockholder Representative accompanying this Agreement and initialed by the Stockholder Representative and the Buyer (the "*Stockholder Disclosure Schedule*"). The Stockholder Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 3.

(a) *Organization of the Companies and the German Subsidiary.*

(i) Prior to the Closing, Antek Instruments Texas was a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas and was duly qualified to conduct business in every jurisdiction where such qualification was required. Antek Instruments Delaware is a corporation duly

organized, validly existing, and in good standing under the laws of the State of Delaware. The Stockholders listed on Section 3(a)(i) of the Stockholder Disclosure Schedule are the sole record and beneficial owners of the capital stock of Antek Instruments Delaware.

(ii) Prior to the Closing, Antek Industrial Texas was a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas and was duly qualified to conduct business in every jurisdiction where such qualification was required. Antek Industrial Delaware is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. The Stockholders listed on Section 3(a)(ii) of the Stockholder Disclosure Schedule are the sole record and beneficial owners of the capital stock of Antek Industrial Delaware.

(iii) Prior to the Closing, Nitec Texas was a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas and was duly qualified to conduct business in every jurisdiction where such qualification was required. Nitec is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. The Stockholders listed on Section 3(a)(iii) of the Stockholder Disclosure Schedule are the sole record and beneficial owners of the capital stock of Nitec Delaware.

(iv) Prior to the Closing, Antek Instruments GmbH was a Subsidiary of Antek Instruments Texas, and is a corporation duly organized, validly existing, and in good standing under the laws of Germany and is duly qualified to conduct business in every jurisdiction where such qualification is required. Antek Instruments Texas was the sole record and beneficial owner of the capital stock of Antek Instruments GmbH.

(v) The jurisdictions in which the Companies and the German Subsidiary are qualified to do business are set forth in Section 3(a)(v) of the Stockholder Disclosure Schedule.

(b) *Authorization of Transaction*.

The Companies and the Stockholders have full power and authority (including, with respect to the Companies, full corporate power and authority) to execute and deliver this Agreement and to perform its or his obligations hereunder. Without limiting the generality of the foregoing, the boards of directors of the Companies and the stockholders of the Companies have duly authorized the execution, delivery, and performance of this Agreement by the Companies. This Agreement constitutes the valid and legally binding obligation of the Companies and the Stockholders, enforceable in accordance with its terms and conditions. Neither the Companies, the German Subsidiary, nor the Stockholders need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any United States, Germany, European Union, or other governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the *"HSR Act"*).

(c) *Noncontravention.*

Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Companies, the German Subsidiary, or the Stockholders are subject or any provision of the articles of incorporation or the bylaws of the Companies or the German Subsidiary, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Companies, the German Subsidiary, or the Stockholders are a party or by which the Companies, the German Subsidiary, or the Stockholders are bound or to which any of the assets of the Companies or the German Subsidiary are subject (or result in the imposition of any Security Interest upon any of the assets of the Companies or the German Subsidiary).

(d) *Brokers' Fees.*

Neither the Companies, the German Subsidiary, nor the Stockholders has incurred any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement, except the fees and expenses of Prism Group LLC, which shall be paid by the Stockholders.

(e) *Title to Assets and Stock*.

The Companies and the German Subsidiary have good title to or a valid leasehold interest in all of the assets used in the conduct of the Business free and clear of any Security Interest other than such imperfections or irregularities of title, encumbrances, liens, charges or other conditions, restrictions or reservations as do not affect the use or value to the Company of such assets or otherwise impair the operation of the Business. The Stockholders have, and at Closing will have, good title and interest in and to and the right to convey the Antek Instruments Shares, the Antek Industrial Shares, and the Nitec Shares, free and clear of all Security Interests or restrictions on transfer.

(f) *Capitalization.*

(i) Section 3(f)(i) of the Stockholder Disclosure Schedule sets forth the number of authorized, issued, and outstanding equity securities of each of the Delaware Companies and each of their Subsidiaries, and indicates the record and beneficial owners of such securities.

(ii) The Antek Instruments Shares constitute all of the issued and outstanding capital stock of Antek Instruments Delaware, are validly issued, fully paid and non-assessable and owned, beneficially and of record, by the Stockholders set forth on Section 3(a)(i) of the Stockholder Disclosure Schedule, and none of the Antek Instruments Shares are subject to, nor have any been issued in violation of, pre-emptive or similar rights.

(iii) The Antek Industrial Shares constitute all of the issued and outstanding capital stock of Antek Industrial Delaware, are validly issued, fully paid and non-assessable and owned, beneficially and of record, by the Stockholders set forth on Section 3(a)(ii) of the Stockholder Disclosure Schedule, and none of the Antek Industrial Shares are subject to, nor have any been issued in violation of, pre-emptive or similar rights.

(iv) The Nitec Shares constitute all of the issued and outstanding capital stock of Nitec Delaware, are validly issued, fully paid and non-assessable and owned, beneficially and of record, by the Stockholders set forth on Section 3(a)(iii) of the Stockholder Disclosure Schedule, and none of the Nitec Shares are subject to, nor have any been issued in violation of, pre-emptive or similar rights.

(v) The German Subsidiary Shares constitute all of the issued and outstanding capital stock of the German Subsidiary, are validly issued, fully paid and non-assessable and, at the time of the transfer of such stock as contemplated by Section 2(a)(iii) of this Agreement, owned beneficially and of record, by the stockholders set forth on Section 3(f)(v) of the Stockholder Disclosure Schedule, and none of the German Subsidiary Shares are subject to, nor have any been issued in violation of, pre-emptive or similar rights. Except for the German Subsidiary or as otherwise set forth on Section 3(f)(v) of the Stockholder Disclosure Schedule, neither the Companies nor the German Subsidiary have any Subsidiaries, and have never had any Subsidiaries.

(vi) All issuances, sales and repurchases of equity interests by the Companies and the German Subsidiary have been effected in compliance with all applicable laws, including, without limitation, applicable foreign, federal and state securities laws. The stock ledger and other corporate records of the Companies and the German Subsidiary contain a complete and correct record of all issuances and transfers of equity interests of the Companies and the German Subsidiary. There are no preemptive or similar rights on the part of any holder of any Antek Instruments Shares, Antek Industrial Shares, or Nitec Shares. No options, warrants, conversion or other rights, agreements, phantom stock plans, commitments, arrangements or understandings of any kind obligating the Companies and the German Subsidiary, contingently or otherwise, to issue or sell any shares of its common stock or any securities convertible into or exchangeable for any such shares or any other securities, are outstanding, and no authorization therefor have been given. As of Closing, the Companies and the German Subsidiary have terminated all Equity Rights, without further liability to the Companies and the German Subsidiary.

(g) *Financial Statements.*

Attached hereto as Section 3(g) of the Stockholder Disclosure Schedule are audited consolidated balance sheets and related consolidated statements of income and retained earnings, comprehensive income and cash flow of the Companies and the German Subsidiary for the periods ending as of December 31, 1999, and December 31, 1998, and unaudited interim consolidated balance sheets and related consolidated statements of income and retained earnings, comprehensive income and cash flow of the Companies and the German Subsidiary through May 31, 2000 (the *"Financial Statements"*).

(i) Each of the Financial Statements is true, correct, complete and consistent with the books and records of the Companies and the German Subsidiary. Each of the Financial Statements has been prepared in strict conformity with GAAP and, to the extent in compliance with GAAP, on a consistent basis throughout the periods covered thereby and presents fairly the financial condition and results of operations and cash flows of the Companies and the German Subsidiary at the dates and for the periods specified, subject, in the case of unaudited financial statements, to the absence of notes and the absence of normal recurring year-end adjustments and procedures (none of which require material adjustment or are inconsistent with past practice).

(ii) Neither the Companies nor the German Subsidiary have any debt, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, that is not reflected or reserved against in the Financial Statements. Accounts payable reflected in the Financial Statements have arisen from bona fide transactions. All debts, liabilities and obligations of the Companies and the German

Subsidiary incurred after the date of the Financial Statements were incurred in the Ordinary Course of Business, arose from bona fide transactions, and are usual and normal in amount both individually and in the aggregate. Neither the Companies nor the German Subsidiary are directly or indirectly liable to or obligated to provide funds in respect of or assume any obligation or Liability of any Person except to the extent reflected and fully reserved against in the Financial Statements. Except as set forth in the Financial Statements, all liabilities of the Companies and the German Subsidiary can be prepaid without penalty at any time.

(h) *Events Subsequent to December 31, 1999*.

Since December 31, 1999, there has not been any material adverse change in the business, financial condition, operations, or results of operations of the Companies and the German Subsidiary, taken as a whole. Without limiting the generality of the foregoing, since that date, the Companies and the German Subsidiary:

(i) have not sold, leased, transferred, or assigned any of its assets, tangible or intangible, except for sales of inventory in the Ordinary Course of Business;

(ii) have not entered into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than $30,000 or outside the Ordinary Course of Business except for purchase and sales orders on standard terms and conditions;

(iii) have not, and to the Knowledge of the Companies no party has, accelerated, terminated, modified, or canceled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than $30,000 to which the Companies or the German Subsidiary is a party or by which it is bound;

(iv) have not imposed or permitted any Security Interest upon any of their assets, tangible or intangible;

(v) have not made any capital expenditure (or series of related capital expenditures) either involving more than $30,000 or outside the Ordinary Course of Business;

(vi) have not made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person;

(vii) have not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any Indebtedness;

(viii) have not delayed or postponed the payment of accounts payable or other Liabilities outside of the Ordinary Course of Business;

(ix) have not canceled, compromised, waived, or released any right or claim (or series of related rights and claims) outside the Ordinary Course of Business;

(x) have not granted any license or sublicense of any rights under or with respect to any Intellectual Property (other than implied licenses in connection with the sale of products);

(xi) have not changed or authorized any change in their articles of incorporation, bylaws, or similar charter documents;

(xii) have not experienced any material damage, destruction, or loss (whether or not covered by insurance) to their property;

(xiii) have not made any loan to, or entered into any other transaction with, any of their directors, officers, and employees;

(xiv) have not entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement;

(xv) have not granted any increase in the compensation of any of their directors, officers, and employees;

(xvi) have not adopted, amended, modified or terminated any bonus, profit-sharing incentive, severance, or other plan, contract, or commitment for the benefit of any of their directors, officers, and employees (or, except to the extent required to comply with the requirements of the Code or ERISA, taken any such action with respect to any other Employee Benefit Plan);

(xvii) have not made any other change in employment terms for any of their directors, officers, and employees except in the case of employees, normal periodic individual salary increases in accordance with past practice;

(xviii) have not made or pledged to make any charitable or other capital contribution;

(xix) have not suffered or experienced any other material adverse occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business;

(xx) have not declared or paid any dividend or other distribution, whether in cash or other property other than with respect to distributions to be made to the Stockholders pursuant to Sections 2(a)(iii) of this Agreement; and

(xxi) have not entered into a commitment to do any of the foregoing.

(i) *Undisclosed Liabilities*.

Neither the Companies nor the German Subsidiary have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against the Companies and the German Subsidiary giving rise to any Liability), except for (i) Liabilities set forth on the face of the Financial Statements, and (ii) Liabilities which have arisen after the date of the Financial Statements in the Ordinary Course of Business (none of which results from, arises out of, or was caused by any breach of contract, breach of warranty claims, product liability, tort, infringement, or violation of law), and (iii) Liabilities disclosed in Section 3(i) of the Stockholder Disclosure Schedule ("Undisclosed Liabilities").

(j) *Legal Compliance*.

The Companies and the German Subsidiary have conducted their Business in compliance with all applicable laws (including rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), which the failure to comply with which, individually or in the aggregate, will result in Adverse Consequences the costs of which will exceed $5,000, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Companies and the German Subsidiary alleging any failure so to comply. The Companies and the German Subsidiary have duly filed all reports and returns required to be filed by it with governmental authorities and obtained all governmental permits and licenses and other governmental consents which are required in connection with the businesses and operations of the Companies and the German Subsidiary; all of such permits, licenses and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them are pending or threatened, except where any of the above would not have a material adverse effect on the Companies and the German Subsidiary, taken as a whole.

(k) *Tax Matters*.

(i) From their inception, each of the Texas Companies have had in effect valid and binding elections to be treated either as an "S Corporation" or a "qualified subchapter S subsidiary", as the case may be, within the meaning of Code Sections 1361 et. seq. for federal income tax purposes.

(ii) The Companies and the German Subsidiary have filed all Tax Returns that they were required to file. All such Tax Returns were true, correct and complete in all material respects. All Taxes owed by the Companies, the German Subsidiary and the Stockholders (whether or not shown on any Tax Return), except for sales or use Taxes reflected on the Estimated Closing Date Balance Sheet, have been paid or adequate reserves have been made therefor. Neither the Companies nor the German Subsidiary are 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 the Companies or the German Subsidiary does not file Tax Returns that the Companies or the German Subsidiary are or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of the Companies or the German Subsidiary that arose in connection with any failure (or alleged failure) to pay any Tax. Neither the Companies nor the German Subsidiary have been a member of an Affiliated Group (other than a group the common parent of which was the Companies) that has filed a "consolidated return" within the meaning of Code Section 1501, or has filed a combined or consolidated return with another entity with any other taxing authority.

(iii) The Companies and the German Subsidiary have made all withholdings of Taxes required to be made in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder, or other third party and such withholdings have either been paid to the appropriate governmental agency or set aside in appropriate accounts for such purpose.

(iv) Neither the Companies nor the German Subsidiary are currently under audit with respect to Taxes by any authority, and have not received any notice or other indication that any authority is considering assessing any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of the Companies or the German Subsidiary either (A) claimed or raised by any authority in writing or (B) as to which the Companies have Knowledge based upon contact with any agent or

representative of such authority. Section 3(k) of the Stockholder Disclosure Schedule lists all federal, state, local, and foreign income Tax returns filed with respect to the Companies and the German Subsidiary for taxable periods ended on or after December 31, 1995, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. The Companies have delivered to the Buyer true, correct and complete copies of all federal and foreign income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Companies and the German Subsidiary since December 31, 1995.

(v) Neither the Companies nor the German Subsidiary have waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(vi) Neither the Companies nor the German Subsidiary have made any payments, are obligated to make any payments, or is a party to any agreement that could obligate any of them to make any payments that will not be deductible under Code Section 280G. Neither the Companies nor the German Subsidiary is a party to any Tax allocation or sharing agreement. Neither the Companies nor the German Subsidiary (A) have been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Companies) or (B) have any Liability for the Taxes of any Person (other than the Companies) under Treas. Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(l) *Real Property*.

(i) Section 3(l)(i) of the Stockholder Disclosure Schedule describes the Real Property. Neither the Companies nor the German Subsidiary own any real property except the Real Property. With respect to the Real Property:

(A) there are no pending or, to the Knowledge of the Companies, threatened condemnation proceedings, lawsuits, annexations or administrative actions, special assessments, impact fees, or other governmental exactions (other than ad valorem taxes) relating to the Real Property or other matters affecting materially and adversely the current use or occupancy thereof;

(B) the Real Property is in compliance with all zoning, building, health and other land use laws, ordinances, rules, codes, regulations, orders and requirements, the damages for noncompliance with which would exceed $10,000;

(C) all facilities located on the parcel of Real Property have received all approvals of governmental authorities (including licenses and permits) required in connection with the ownership or operation thereof and have been operated and maintained in all material respects in accordance with applicable laws, rules, and regulations;

(D) there are no leases, subleases, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the Real Property;

(E) there are no outstanding contracts, options or rights of first refusal to purchase the Real Property, or any portion thereof or interest therein; and there are no management, maintenance, service or other operating contracts or agreements affecting the Real Property or any portion thereof which shall survive the Closing;

(F) there are no parties (other than the Companies and the German Subsidiary) in possession of the Real Property;

(G) adequate and usable public sanitary and storm sewers, public water facilities and other utilities are available without charge except for customary usage charges;

(H) no portion of the Real Property is subject to any restrictions on use or development, such as being a government designated “wetland” area; and

(I) the Real Property has not been used as a landfill or for the dumping of debris or mining activities.

(ii) Section 3(l)(ii) of the Stockholder Disclosure Schedule lists and describes briefly all real property leased to the Companies and the German Subsidiary (the *“Leased Real Property”*). The Companies have delivered to the Buyer true, correct and complete copies of the leases for the Leased Real Property (as amended to date). With respect to each lease for Leased Real Property:

(A) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect;

(B) neither the Companies nor the German Subsidiary are, and to the Knowledge of the Companies, no party to the lease or sublease is, in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(C) neither the Companies nor the German Subsidiary have, and to the Knowledge of the Companies, no party to the lease or sublease has, repudiated any provision thereof;

(D) there are no disputes, oral agreements, or forbearance programs in effect as to the lease;

(E) neither the Companies nor the German Subsidiary have assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold; or

(F) all facilities leased thereunder have received all approvals of governmental authorities (including licenses and permits) required to be obtained by the Companies and the German Subsidiary in connection with the operation thereof and have been operated and maintained by the Companies and the German Subsidiary in all material respects in accordance with applicable laws, rules, and regulations.

(m) *Intellectual Property*.

(i) The Companies and the German Subsidiary own or have the right to use pursuant to license, sublicense, agreement, or permission, all Intellectual Property necessary or used in the operation of the Business as presently conducted or, to the Knowledge of the Companies, as proposed to be conducted. No Stockholder owns any Intellectual Property used in the operation of the Business. Each item of Intellectual Property included among the assets of the Companies and the German Subsidiary or owned or used by the Companies, the German Subsidiary, or the Stockholders immediately prior to the Closing hereunder will be owned or available for use by the Buyer on identical terms and conditions immediately subsequent to the Closing hereunder.

(ii) Neither the Companies nor the German Subsidiary has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties. Neither the Companies nor the German Subsidiary has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation with respect to any Intellectual Property currently used in the Business (including any claim that any of the Companies or the German Subsidiary must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Companies, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Companies or the German Subsidiary.

(iii) Section 3(m)(iii) of the Stockholder Disclosure Schedule identifies each patent or registration which has been issued or transferred to the Companies, the German Subsidiary, or the Stockholders with respect to any of the Intellectual Property, identifies each pending patent application for registration which the Companies, the German Subsidiary, or the Stockholders has made with respect to any of the Intellectual Property, and identifies each license, agreement, or other permission which the Companies, the German Subsidiary, or the Stockholders has granted to any third party with respect to any of its Intellectual Property other than implied licenses given in connection with the sale of its products.. The Companies have delivered or made available to the Buyer true, correct and complete copies of all such patents, registrations, applications, licenses, agreements, and permissions (as amended to date) and have made available to the Buyer true, correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 3(m)(iii) of the Stockholder Disclosure Schedule also identifies each trade name or unregistered trademark used by the Companies and the German Subsidiary in connection with the Business. With respect to each item of Intellectual Property required to be identified in Section 3(m)(iii) of the Stockholder Disclosure Schedule:

(A) the Companies and the German Subsidiary possess all right, title, and interest in and to the item, free and clear of any Security Interest, license, or other restriction;

(B) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(C) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Companies, threatened, which challenges the legality, validity, enforceability, use, or ownership of the item; and

(D) Neither the Companies, the German Subsidiary, nor the Stockholders have agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with

respect to the item other than in connection with the sale of products in the Ordinary Course of Business under the standard conditions of sale of the Companies and the German Subsidiary.

(iv) Section 3(m)(iv) of the Stockholder Disclosure Schedule identifies each item of Intellectual Property that any third party (including any Stockholder) owns and that the Companies and the German Subsidiary use pursuant to license, sublicense, agreement, or permission. The Companies have delivered to the Buyer true, correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in Section 3(m)(iv) of the Stockholder Disclosure Schedule:

(A) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect, subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws from time to time in effect that affect creditors' rights generally;

(B) neither the Companies nor the German Subsidiary, nor to the Knowledge of the Companies, any other party to the license, sublicense, agreement, or permission, is in breach or default, and no event has occurred which with notice of lapse of time would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(C) neither the Companies nor the German Subsidiary have, and to the Knowledge of the Companies, no other party to the license, sublicense, agreement, or permission has, repudiated any provision thereof;

(D) with respect to each sublicense, to the Knowledge of the Companies, the representations and warranties set forth in subsections (A) through (C) above are true and correct with respect to the underlying license;

(E) to the Knowledge of the Companies, the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(F) to the Knowledge of the Companies, no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or threatened, which challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(G) neither the Companies nor the German Subsidiary have granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission other than in connection with the sale of products in the Ordinary Course of Business under the standard conditions of sale of the Companies and the German Subsidiary.

(n) *Tangible Assets*.

The Companies and the German Subsidiary own or lease all buildings, machinery, equipment, and other tangible assets used in the conduct of the Business as presently conducted. Such tangible assets, taken as a whole, are free from known material defects, have been maintained in accordance with normal industry practice, are in good operating condition and repair (subject to normal wear and tear), and are suitable for the purposes for which they are presently used.

(o) *Inventory*.

The inventory of the Companies and the German Subsidiary consists of raw materials and supplies, manufactured and purchased parts, goods in process, and finished goods, all of which is merchantable, and none of which is slow moving (except for parts and components on hand for servicing products already sold), obsolete, damaged, or defective, subject to the reserve for any inventory write-down set forth in accordance with GAAP on the face of the Financial Statements.

(p) *Contracts*.

Section 3(p) of the Stockholder Disclosure Schedule lists the following contracts and other agreements, written or oral, to which any of the Companies or the German Subsidiary is a party:

(i) all customer orders, and the purchase prices thereof, accepted by the Companies or the German Subsidiary and in order backlog as of June 30, 2000;

(ii) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $30,000 per annum;

(iii) any agreement (or group of related agreements), other than customer orders, for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one year, or which to the Knowledge of the Companies, will result in a loss to the Companies or the German Subsidiary, or which involves consideration, in excess of $30,000;

(iv) any partnership or joint venture agreement;

(v) any agreement (or group of related agreements) under which any of them have created, incurred, assumed, or guaranteed any Indebtedness, under which any of them have imposed a Security Interest on any of their assets, tangible or intangible;

(vi) any confidentiality or noncompetition agreement;

(vii) any agreement involving the Stockholders to which the Companies or the German Subsidiary is a party;

(viii) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other plan or arrangement for the benefit of any of their current or former directors, officers, and employees;

(ix) any agreement (A) for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of $30,000 or (B) providing severance benefits;

(x) any agreement under which any of them have advanced or loaned any amount to any of their directors, officers, and employees;

(xi) any agreement under which the consequences of a default or termination would have an adverse effect in the amount of $30,000 or more on the business, financial condition, operations or results of operations of the Companies or the German Subsidiary; or

(xii) any other agreement (or group of related agreements) the performance of which involves consideration in excess of $30,000.

The Companies have delivered or made available to the Buyer a true, correct and complete copy of each written agreement listed in Section 3(p) of the Stockholder Disclosure Schedule (as amended to date) and a written summary setting forth the terms and conditions of each oral agreement referred to in Section 3(p) of the Stockholder Disclosure Schedule. With respect to the customer orders set forth in Section 3(p)(i) above, all such orders have been priced at an amount consistent with past practice and in excess of the cost to the Companies and the German Subsidiary of purchasing and manufacturing such goods. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect, subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws from time to time affecting creditor's rights generally; (B) to the Knowledge of the Companies, the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby, subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws from time to time affecting creditor's rights generally; (C) neither the Companies nor the German Subsidiary are, and to the Knowledge of the Companies, no other party, is in material breach or default, and no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreements; (D) no party has repudiated any provision of the agreement; and (E) such agreement does not prohibit or require consent in the event of a change of control of the Companies or the German Subsidiary. With respect to each customer order listed in Section 3(p) of the Stockholder Disclosure Schedule and valued at more than $10,000, the Companies do not have any Knowledge of any basis for cancellation thereof.

(q) *Notes and Accounts Receivable*.

The notes and accounts receivable of the Companies and the German Subsidiary included among the assets are reflected properly on their books and records and are valid receivables arising from bona fide transactions subject to no setoffs or counterclaims; and all of such notes and accounts receivable will be collectable when due, subject only to the reserve for bad debts set forth on the face of the Financial Statements dated as of May 31, 2000.

(r) *Powers of Attorney*.

There are no outstanding powers of attorney executed on behalf of the Companies or the German Subsidiary.

(s) *Insurance*.

Section 3(s) of the Stockholder Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage

and bond and surety arrangements) to which the Companies and the German Subsidiary have been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five (5) years:

(i) the name, address, and telephone number of the agent;

(ii) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(iii) the policy number and the period of coverage;

(iv) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

(v) a description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) all policy premiums due to date have been paid in full, and to the Knowledge of the Companies, the policy is legal, valid, binding, enforceable, and in full force and effect with respect to the periods for which it purports to provide coverage subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement or moratorium or other similar laws from time to time affecting creditor's rights generally; (B) neither the Companies nor the German Subsidiary or, to the Knowledge of the Companies, any other party to the policy, is in breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (C) no party to the policy has repudiated any provision thereof. There are no self-insurance arrangements affecting the Companies and the German Subsidiary.

(t) *Litigation*.

Neither the Companies nor the German Subsidiary (i) are subject to any outstanding injunction, judgment, order, decree, ruling, or charge and (ii) are a party nor, to the Knowledge of the Companies, are threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator.

(u) *Product Warranty*.

Each product manufactured, sold, leased, or delivered by the Companies and the German Subsidiary or service provided by the Companies and the German Subsidiary has been in conformity with all of their applicable contractual commitments and express and implied warranties, and neither the Companies nor the German Subsidiary have any Liability with respect to such products manufactured, sold, leased, or delivered (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability) in excess of, in the aggregate, $5,000. Except as otherwise may be provided by applicable law, no product manufactured, sold, leased, or delivered by the Companies and the German Subsidiary is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. Section 3(u) of the Stockholder Disclosure Schedule includes copies of the standard terms and conditions of sale or lease for the Companies and the German Subsidiary (containing applicable guaranty, warranty, and indemnity provisions).

(v) *Product Liability*.

There are no existing or, to the Knowledge of the Companies, threatened, claims against the Companies and the German Subsidiary arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, or delivered by the Companies and the German Subsidiary which could result in Liability to the Companies and the German Subsidiary, taken as a whole, and the Companies do not have any Knowledge of a reasonable basis for any such claim.

(w) *Employees*.

Section 3(w) of the Stockholder Disclosure Schedule sets forth (A) the name, (B) the current annual salary (or hourly wage), including any bonus or commitment to pay any other amount or benefit in connection with a termination of employment, if applicable, and (C) the specific identity of the employing entity, of all present employees, consultants, and independent contractors employed by the Companies and the German Subsidiary. To the Knowledge of the Companies, no executive, key employee, or group of employees has any plans to terminate employment with the Companies and the German Subsidiary within the six (6) months following the date of this Agreement. Neither the Companies nor the German Subsidiary are a party to or bound by any collective bargaining agreement, nor have any of them experienced any strikes, grievances, or claims of unfair labor practice. The Companies do not have any Knowledge of any organizational effort presently being made or threatened by or on

behalf of any labor union with respect to its employees. There is no claim outstanding or, to the Knowledge of the Companies, threatened, or any Basis for a claim respecting employment of any past or present employee of the Companies and the German Subsidiary including, without limitation, claims of personal injury (unless fully covered by worker's compensation, liability or indemnity insurance) discrimination, wage, hours or similar laws or regulations. There are no written employment or similar agreements for a fixed term between any employee of the Companies and the German Subsidiary and the Companies and the German Subsidiary; each employee of the Companies and the German Subsidiary is an at-will employee.

(x) *Employee Benefits*.

(i) No other corporation, trade, business, or other entity, would, together with the Companies and the German Subsidiary, constitute a single employer within the meaning of Code Section 414.

(ii) Section 3(x) of the Stockholder Disclosure Schedule contains a true and complete list of all of the Employee Benefit Plans which are presently in effect or which have previously been in effect within the last three (3) years for the benefit of current or former employees, officers, directors or consultants of the Companies and the German Subsidiary (the *"Company Plans"*). All Company Plans established or maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens are referred to herein as *"Foreign Plans"* and all other Company Plans are referred to herein as *"US Plans"*. Neither the Companies nor the German Subsidiary have any bonus compensation plans of any kind.

(iii) Each US Plan has been administered in all material respects in accordance with its terms and is in compliance in all material respects with the applicable provisions of United States law, and each Foreign Plan has been administered in all material respects in accordance with its terms and is in compliance in all material respects with the applicable provisions of German, European Union, or other applicable foreign law. To the Knowledge of the Companies, all reports, returns and similar documents required to be filed with any governmental agency or distributed to any participant of each Company Plan have been duly and timely filed or distributed in all material respects.

(iv) No actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the Knowledge of the Companies, threatened, with respect to any Company Plan and no event or condition exists or may be reasonably expected to occur which would result in the Companies and the German Subsidiary having any liability in respect of any Company Plan not reflected on the Financial Statements.

(v) The Companies and the German Subsidiary have made all contributions or payments to or under each US Plan required by United States law, and to each Foreign Plan required by German, European Union, or other applicable foreign law, or by the terms of such Company Plan.

(vi) There is no lien outstanding upon any Assets pursuant to Code Section 412(n) in favor of any Company Plan.

(vii) Neither the Companies nor the German Subsidiary have any past, present or future obligation or liability to contribute to any multiemployer plan as defined in ERISA Section 3(37).

(viii) Neither the Companies nor the German Subsidiary are obligated, contingently or otherwise, under any agreement to pay any amount which would be treated as a *"parachute payment,"* as defined in Code Section 280G(b) (determined without regard to Code Section 280G(b)(2)(A)(ii)).

(ix) With respect to each of the Company Plans:

(A) each of the Company Plans has been established, maintained, funded and administered in all material respects in accordance with its governing documents, and any applicable provisions of ERISA, the Code, other applicable law, and all regulations promulgated thereunder;

(B) none of the US Plans nor any Fiduciary has engaged in a Prohibited Transaction as defined in ERISA Section 406 or Code Section 4975 (for which no individual or class exemption exist under ERISA Section 408 or Code Section 4975, respectively);

(C) all filings and reports as to each of the US Plans required to have been made on or before the Closing Date to the Internal Revenue Service, or to the United States Department of Labor or to the Pension Benefit Guaranty Corporation, have been or will be duly made by that date;

(D) each of the US Plans which is intended to qualify as a tax-qualified retirement plan under Code Section 401(a) has received a favorable determination letter(s) from the Internal Revenue Service as to qualification of such US Plan for the period from its adoption through the Closing Date; nothing has occurred, whether by action or failure to act, which has resulted in or would cause the loss of such qualification; and each trust thereunder is exempt from tax pursuant to Code Section 501(a);

(E) each of the US Plans which is required to satisfy Code Sections 401(k)(3) or 401(m)(2) has been tested for compliance with, and has satisfied the requirements of, Code Sections 401(k)(3) and 401(m)(2) for each plan year ending prior to the Closing Date;

(F) no event has occurred and no condition exists relating to any of the US Plans that would subject the Companies and the German Subsidiary to any Tax or Liability under IRS Sections 4971, 4972 or 4979, or to any Liability under ERISA Sections 502 or 4071; and

(G) to the extent applicable, each of the Company Plans has been funded in accordance with its governing documents, ERISA and the Code or other applicable law, has not experienced any accumulated funding deficiency (whether or not waived) and, with respect to US Plans, has not exceeded its full funding limitation (within the meaning of Code Section 412) at any time.

(x) With respect to the Company Plans which provide group health benefits to employees of the Companies and the German Subsidiary and are subject to the requirements of Code Section 4980B and Part 6, Subtitle B of Title I of ERISA ("COBRA"), to the Knowledge of the Companies, such group health plan has been administered in every material respect in accordance with its governing documents and COBRA and with the group health plan requirements of Subtitle K, Chapter 100 of the Code and ERISA Sections 701 et. seq.

(xi) With respect to employee benefit matters generally:

(A) neither the Companies, the German Subsidiary, nor any person, firm or corporation which is or has been under common control of the Companies and the German Subsidiary within the meaning of Section 4001(b) of ERISA, maintains or contributes to or has ever maintained or contributed to any Employee Benefit Plan subject to Title IV of ERISA;

(B) the consummation of the transactions contemplated hereby will not accelerate or increase any Liability under any of the Company Plans because of an acceleration or increase of any of the rights or benefits to which Company Plan participants or beneficiaries may be entitled thereunder;

(C) neither the Companies nor the German Subsidiary have any obligation to any retired or former employee or any current employee of the Companies and the German Subsidiary upon retirement or termination of employment under any Company Plans, other than such obligations imposed by COBRA; and

(D) any of the Company Plans which is an "employee welfare benefit plan," within the meaning of ERISA Section 3(1) (including Foreign Plans), may be terminated prospectively without Liability to the Companies, Parent, or Buyer, including, without limitation, Liability for unreported (e.g., run-off) benefit claims, premium adjustments or termination charges of any kind.

(y) *Guaranties*.

Neither the Companies nor the German Subsidiary are a guarantor or otherwise liable for any Liability or obligation (including Indebtedness) of any other Person.

(z) *Environment, Health, and Safety*.

(i) The Companies and the German Subsidiary have complied with all Environmental, Health, and Safety Laws, the failure to comply with which could result in Adverse Consequences in an amount in excess of $5,000 individually or in the aggregate, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Companies alleging such failure.

(ii) Neither the Companies nor the German Subsidiary have any Liability (and neither the Companies nor the German Subsidiary have handled, used, stored, treated, recycled or disposed of any Hazardous Substance, arranged for the disposal of any Hazardous Substance, exposed any employee or other individual to any Hazardous Substance or condition, or owned or operated any property or facility in any manner that could form the Basis for any present or future action, suit, proceeding, hearing, investigations, charge, complaint, claim or demand giving rise to any Liability) for penalties, investigations of or damage to any site, location, body of water (surface or subsurface), or other natural resources, for any illness of or personal injury to any employee or other individual, or for any reason under any Environmental, Health, and Safety Laws.

(iii) All properties and equipment used in the Business are and in the past have been free of any amounts of asbestos, PCB's, methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances, the presence of which could result in Adverse Consequences.

(aa) *Certain Business Relationships with the Companies and the German Subsidiary*.

None of the Stockholders or their current or former spouses, children, parents, grandparents, cousins, or other relatives, has been involved directly or indirectly in any business arrangement or relationship with the Companies or the German Subsidiary within the past thirty-six (36) months, and no Stockholder owns any asset, tangible or intangible, which is used in the Business.

(bb) *Disclosure*.

The representations and warranties contained in this Section 3 (including the Stockholder Disclosure Schedule) do not, and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statement and information contained in this Section 3 not misleading.

4. REPRESENTATIONS AND WARRANTIES OF THE PARENT, THE BUYER, AND ROPER DEUTSCHLAND.

Parent, Buyer, and Roper Deutschland, jointly and severally, represent and warrant to the Stockholders that the statements contained in this Section 4 are true, correct and complete as of the date hereof, and will be true, correct and complete as of the Closing Date.

(a) *Organization of the Parent, the Buyer, and Roper Deutschland*.

Each of Parent, Buyer, and Roper Deutschland is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation to do business in every jurisdiction where such qualification is required.

(b) *Authorization of Transaction*.

Each of Parent, Buyer, and Roper Deutschland has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Without limiting the generality of the foregoing, Parent, Buyer, and Roper Deutschland have duly authorized the execution, delivery, and performance of this Agreement by the Parent, the Buyer, and Roper Deutschland, respectively. This Agreement constitutes the valid and legally binding obligation of Parent, Buyer, and Roper Deutschland, enforceable in accordance with its terms and conditions. Parent, Buyer, and Roper Deutschland need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or United States, Germany, European Union or other governmental agencies in order for the Parties to consummate the transactions contemplated by this Agreement.

(c) *Noncontravention*.

Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will violate any constitution, state, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Parent, Buyer, or Roper Deutschland is subject, or any provision of any of their certificate or articles of incorporation or bylaws.

(d) *SEC Reports*.

Parent has filed in a timely manner with the Securities and Exchange Commission all forms, financial statements, documents and reports (collectively, the "*SEC Reports*") required to be filed by Parent pursuant to the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). Such SEC Reports were prepared in all material respects in accordance with the Exchange Act and do not contain any untrue statement of material fact or facts or omit to state a material fact or facts necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Since Parent's Quarterly Report on Form 10-Q for the three months ended April 30, 2000, Parent has not suffered any change, event, or condition that alone or together with other changes, events or conditions could have a material adverse effect.

(e) *Broker's Fees*.

Neither Parent, Buyer, nor Roper Deutschland has incurred any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Stockholders could become liable or obligated.

(f) *Disclosure*.

The representations and warranties contained in this Section 4 do not, and as of the Closing Date will not, contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained in this Section 4 not misleading.

5. CONDITIONS TO OBLIGATION TO CLOSE.

(a) *Conditions to Obligation of Parent, Buyer, and Roper Deutschland*.

The obligation of Parent, Buyer, and Roper Deutschland to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) the Companies and the Stockholders shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) the Companies and the German Subsidiary shall have procured all of the third party consents specified on **Exhibit C** hereto;

(iv) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) affect adversely the right of the Buyer to own the assets of the Companies and the German Subsidiary or to operate the Business (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(v) all filings that are required to have been made by the Parties with any United States, Germany, European Union, or other governmental agency in order to carry out the transactions contemplated by this Agreement shall have been made and all authorizations, consents and approvals from any United States, Germany, European Union or other governmental agency (including but not limited to all necessary approvals under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) required to carry out the transactions contemplated by this Agreement shall have been received and any applicable waiting periods shall have expired or been terminated;

(vi) Roper Deutschland shall have purchased, acquired and accepted from Antek Instruments, and Antek Instruments shall have sold, assigned, conveyed and delivered to Roper Deutschland, all of its right, title and interest in and to the German Subsidiary Shares, free and clear of any Security Interest;

(vii) Buyer shall have purchased, acquired and accepted from the Companies, and the Companies shall have sold, assigned, conveyed, and delivered to Buyer, all of the right, title, and interest of the Companies in and to the Acquired Inventory, free and clear of any Security Interest;

(viii) the Companies and the Stockholder Representative shall have delivered to the Parent and the Buyer a certificate, executed by the Companies and the Stockholders, to the effect that the conditions specified above in Section 5(a)(i)-5(a)(vii) have been satisfied in all respects;

(ix) each Stockholder shall have entered into a Noncompetition and Assignment of Inventions Agreement (each a "*Noncompetition and Assignment of Inventions Agreement*"), with a term equal to five (5) years, in form and substance as set forth in Exhibit D attached hereto and the same shall be in full force and effect;

(x) each Stockholder, and each director and executive officer of the Companies and the German Subsidiary, shall have executed and delivered to the Parent and the Buyer a release agreement (each, a "*Release Agreement*") in form and substance as set forth on Exhibit E hereto, with respect to any actual or potential claims against the Companies and the German Subsidiary, including but not limited to commissions on bookings and sales, and each of the same shall be in full force and effect;

(xi) Donald M. Wreyford shall have entered into a Consulting Agreement (the "*Consulting Agreement*") with the Buyer in form and substance as set forth on Exhibit F hereto, and the same shall be in full force and effect;

(xii) Randy L. Wreyford and James S. Wreyford shall have entered into an Employment Agreement with the Buyer (each, an "*Employment Agreement*") in form and substance as set forth on Exhibit G hereto, and each of the same shall be in full force and effect;

(xiii) each of the Stockholders, the Parent, the Buyer, and the Escrow Agent shall have entered into the Escrow Agreement;

(xiv) beginning on July 31, 2000, Antek Instruments, at its expense, shall conduct a physical inventory count of the inventory of the Companies and the German Subsidiary (the "*Inventory Count*"), which Inventory Count shall have been conducted in the manner and consistent with the standards set forth in Section 3(g)(i) above and shall have been completed prior to the Closing. The Parent and the Buyer shall have the right to observe the Inventory Count;

(xv) the Companies shall have delivered to the Parent and the Buyer a payoff letter with respect to all amounts due under any Indebtedness (except for the Indebtedness with respect to the Marble Falls Facility) of the Companies and the German Subsidiary, if any, in form and substance reasonably satisfactory to the Parent and the Buyer, and the Companies and the Stockholders shall have satisfied all Indebtedness (except for the Indebtedness with respect to the Marble Falls Facility) of the Companies and the German Subsidiary in accordance with Section 6(f), and the Companies and the Stockholder Representative shall have delivered to the Parent and the Buyer, in form satisfactory to the Parent and the Buyer, evidence of the same;

(xvi) the Parent and the Buyer shall have negotiated, to each of their satisfaction, an amendment with respect to the lease regarding the 27,500 square feet of Leased Real Property located at 300 Bammel Westfield Road, Houston, Texas 77090 (the "*Houston Lease*"), the provisions of such lease amendment shall include, but not be limited to, those which are reasonably satisfactory to the Parent and the Buyer and are commensurate with provisions conventional to arms-length real estate lease transactions (the "*Lease Amendment*"). Donald M. Wreyford, as the landlord under the Houston Lease, and Antek Instruments, shall have entered into the Lease Amendment, the same shall have been delivered to the Parent and the Buyer, and the same shall be in full force and effect;

(xvii) each of the Buyer and the Companies shall have received the consent and estoppel of Donald M. Wreyford with respect to the Houston Lease, in form and substance satisfactory to the Parent and the Buyer;

(xviii) each of the Buyer and Antek Industrial Delaware shall have received a pay-off letter from Marble Falls Industrial Development Corporation with respect to the Indebtedness regarding the Real Property located at 700 Gateway Parkway, Marble Falls, Texas 78654 (the "*Marble Falls Facility*");

(xix) the Parent, the Buyer, and the Companies shall have received a release, waiver, estoppel, and termination of the arrangement by which the Companies make payments to Donald M. Wreyford or such other owners of the real property located at Old Segovia Road in Segovia, Texas, where the Companies have heretofore been entitled to conduct certain activities (the "*Segovia Ranch*"), in form and substance satisfactory to the Parent and the Buyer, which release, waiver, estoppel, and termination shall extinguish any and all obligations the Parent, the Buyer, or the Companies may otherwise have with respect to the Segovia Ranch; the Board of Directors of Antek Instruments shall have adopted resolutions with respect to and effectuating the same, and the Companies and the Stockholder Representative shall have delivered to Parent and Buyer evidence of the same;

(xx) the Parent and the Buyer shall have received from counsel to the Companies and the Stockholders opinions with respect to the Companies and the German Subsidiary and the transactions contemplated hereby in form and substance as set forth in Exhibit H attached hereto, addressed to the Parent and the Buyer, and dated as of the Closing Date;

(xxi) the Companies shall have taken all necessary corporate action to terminate all Company Plans with respect to the Companies, as set forth in Section 6(d) below, and evidence of the same shall have been delivered to the Parent and the Buyer;

(xxii) the Companies shall have delivered to the Parent and the Buyer evidence reasonably satisfactory to the Parent and the Buyer of the termination of all Equity Rights, if any, and the release of all liability with respect to the Equity Rights;

(xxiii) the certificate of merger with respect to the Merger shall have been filed in accordance with the Delaware Act;

(xxiv) each of the Companies shall have delivered to Parent and Buyer a certificate of the Secretary of each of the Companies as to the incumbency of their officers, a copy of a certificate evidencing the incorporation and good standing of each of the Companies, a copy of the articles of incorporation and bylaws

of each of the Companies, and a copy of the resolutions adopted by the board of directors and the shareholders of each of the Companies with respect to the transactions contemplated by this Agreement; and

(xxv) all actions to be taken by the Companies in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Parent and the Buyer.

Either the Parent or the Buyer may waive any condition specified in this Section 5(a) if it executes a writing so stating at or prior to the Closing.

(b) *Conditions to Obligation of Stockholders*.

The obligation of Stockholders to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 4 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) Parent and Buyer shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) all filings that are required to have been made by the Parties with any United States, Germany, European Union, or other governmental agency in order to carry out the transactions contemplated by this Agreement shall have been made and all authorizations, consents and approvals from any United States, Germany, European Union, or other governmental agency (including but not limited to all necessary approvals under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) required to carry out the transactions contemplated by this Agreement shall have been received and any applicable waiting periods shall have expired;

(v) the Parent and the Buyer shall have delivered to the Companies and the Stockholder Representative a certificate to the effect that the conditions specified above in Section 5(b)(i)-5(b)(iv) have been satisfied in all respects;

(vi) the Stockholders shall have received from counsel to the Parent and the Buyer an opinion in form and substance as set forth in Exhibit I attached hereto, addressed to the Stockholders, and dated as of the Closing Date;

(vii) each of the Parent and the Buyer shall have delivered to the Companies and the Stockholder Representative a certificate of the Secretary of each of the Parent and the Buyer as to the incumbency of each of their officers, a copy of the certificates evidencing the incorporation and good standing of the Parent and the Buyer, a copy of the certificates of incorporation and bylaws of the Parent and the Buyer, and a copy of the resolutions adopted by the board of directors of the Parent and the Buyer with respect to the transactions contemplated by this Agreement; and

(viii) all actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Companies.

Either the Companies or the Stockholder Representative may waive any condition specified in this Section 5(b) if it or he executes a writing so stating at or prior to the Closing.

6. PRE-CLOSING COVENANTS.

The Parties agree as follows with respect to the period prior to the Closing:

(a) *Access and Investigation*.

Between the date hereof and the Closing Date, the Companies and the Stockholders will, and will cause their representatives to:

(i) afford the Buyer and its representatives (collectively, "*Buyer's Advisors*") upon reasonable notice reasonable access to the Companies and the German Subsidiary, and their personnel, properties (including

for purposes of environmental testing), contracts, books and records, and other documents and data so as to not unreasonably interfere with the conduct of the Business;

(ii) furnish the Buyer with copies of all such contracts, books and records, and other existing documents and data as the Buyer may reasonably request; and

(iii) furnish the Buyer and Buyer's Advisors with such additional financial, operating and other data and information pertaining to the Companies and the German Subsidiary as the Buyer may reasonably request.

(b) *Operation of the Business of the Companies and the German Subsidiary*.

Between the date hereof and the Closing Date, the Companies, the German Subsidiary, and the Stockholders will, and the Companies and the German Subsidiary will cause their representatives to:

(i) conduct the Business only in the Ordinary Course of Business, or otherwise with the written consent of the Buyer;

(ii) use commercially reasonable efforts to preserve intact the current business organization of the Companies and the German Subsidiary, keep available the services of the current officers, employees, and agents of the Companies and the German Subsidiary, maintain the relations and good will with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with the Companies and the German Subsidiary, and maintain such amount of working capital necessary for the Companies and the German Subsidiary to conduct the Business in the Ordinary Course of Business; and

(iii) confer with the Buyer concerning operational matters of a material nature and the status of business operations and finances.

(c) *Negative Covenant*.

Except as otherwise expressly permitted by this Agreement, between the date of this Agreement and the Closing Date, the Companies, the German Subsidiary, and the Stockholders will not, without the prior consent of the Buyer, take any affirmative action, or fail to take any reasonable action within their or its control, which would cause or result in an inaccuracy or breach of any of the representations, warranties or covenants of the Companies and the Stockholders set forth in this Agreement, including, without limitation, any action specified in Section 3(h) of this Agreement. Without limiting the generality of the foregoing, the Companies agree that, between the date of this Agreement and the Closing Date, they shall not, and shall cause the German Subsidiary not to, take any of the following actions without the prior written consent of the Buyer or the Parent:

(i) amend the Articles of Incorporation or Bylaws of the Companies and the German Subsidiary; make any change in their authorized, issued or outstanding capital stock or any other equity security; issue, sell, pledge, assign or otherwise encumber or dispose of, or purchase, redeem or otherwise acquire, any of the shares of capital stock or other equity securities of the Companies or the German Subsidiary or enter into any agreement, call or commitment of any character so to do; grant or issue any stock option or warrant relating to, right to acquire, or security convertible into, shares of capital stock or other equity security of the Companies and the German Subsidiary; purchase, redeem, retire or otherwise acquire any shares of, or any security convertible into, capital stock or other equity security of the Companies and the German Subsidiary, or agree to do any of the foregoing set forth in this Section 6(c)(i);

(ii) acquire, directly or indirectly, substantially all of the assets of, or a controlling equity interest in, any corporation or other entity, or enter into any commitment to do the same; and

(iii) enter into any agreement, commitment or similar transaction with the Stockholders.

(d) *Termination of Plans*.

Prior to the Closing Date, the Companies will terminate all plans (including but not limited to phantom stock plans) permitting the issuance of Antek Instruments Shares, Antek Industrial Shares, Nitec Shares, or the capital stock of the German Subsidiary; options to acquire Antek Instruments Shares, Antek Industrial Shares, Nitec Shares, or capital stock of the German Subsidiary; and/or other rights to acquire Antek Instruments Shares, Antek Industrial Shares, Nitec Shares, or capital stock of the German Subsidiary, that are valued in whole or in part by reference to Antek Instruments Shares, Antek Industrial Shares, Nitec Shares, or capital stock of the German Subsidiary or that may be settled in Antek Instruments Shares, Antek Industrial Shares, Nitec Shares, or capital stock of the German Subsidiary (such option and other rights are hereafter collectively referred to as "*Equity Rights*"). Prior to the Closing Date, the Companies shall take such action as is necessary to cancel, effective no later than the Closing Date, all outstanding Equity Rights in a manner that is binding upon the holders of such Equity Rights and without liability to the Companies that has not been fully satisfied on the Closing Date. Prior to

the Closing Date, the Companies shall take all corporate action necessary to terminate, effective no later than the day before the Closing Date, all Company Plans of the Companies which are intended to qualify as tax-qualified retirement plans under Code Section 401(a), including without limitation the 401(k) Plan of the Companies.

(e) *No Merger or Solicitation*.

(i) Neither the Companies nor the German Subsidiary shall, or authorize or permit any of their officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative or agent retained by them, to, directly or indirectly, solicit, initiate, or encourage (including by way of furnishing nonpublic information), or take any other action to facilitate, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any Takeover Proposal, or agree to or endorse any Takeover Proposal, or participate in any discussions or negotiations, or provide third parties with any nonpublic information, relating to any such inquiry or proposal. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by the Stockholders, any director or executive officer of the Companies and the German Subsidiary, or any investment banker, attorney or other advisor or representative of the Companies and the German Subsidiary, whether or not such Person is purporting to act on behalf of the Companies, the German Subsidiary, or otherwise, shall be deemed to be a breach of this Section 6(e) by the Companies and the Stockholders.

(ii) Neither the Boards of Directors of the Companies nor any committee thereof shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to the Buyer, the approval or recommendation by any such Board of Directors or any such committee of this Agreement or the transactions contemplated hereby, (ii) approve or recommend, or propose to approve or recommend, any Takeover Proposal, or (iii) enter into any agreement with respect to any Takeover Proposal.

(iii) In addition to the obligation of the Companies set forth in paragraph (ii) above, the Companies promptly shall advise the Parent and the Buyer orally and in writing of any request for information or of any Takeover Proposal, or any inquiry with respect to or which could lead to any Takeover Proposal, the material terms and conditions of such request, Takeover Proposal or inquiry and the identity of the Person making any such request, Takeover Proposal or inquiry.

(f) *Satisfaction of Indebtedness*.

At or prior to the Closing Date, the Companies shall satisfy any and all Indebtedness (except for the Indebtedness with respect to the Marble Falls Facility) of the Companies and the German Subsidiary, and evidence of the same shall be delivered by the Companies to the Parent and the Buyer.

(g) *Cooperation of the Parties*.

Each of the Parties shall use such Party's commercially reasonable efforts to take, or cause to be taken, all actions and do, or cause to be done, all other things necessary, proper or advisable to satisfy the conditions to closing of the transactions contemplated hereby and shall not take any action, or refuse to take any action reasonably requested by the other Parties, that is likely to delay materially (but in any event by more than 10 business days) or adversely affect the ability of any of the Parties hereto to obtain any consent, authorization, order or approval of any governmental commission, board or other regulatory body, U.S. or foreign, or the expiration of any applicable waiting period required to consummate the transactions consummated by this Agreement.

7. POST-CLOSING COVENANTS.

The Parties agree as follows with respect to the period following the Closing:

(a) *General*.

In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, the Stockholders and the Buyer will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor hereunder). The Stockholders acknowledge and agree that from and after the Closing the Buyer will have the right to possession of all documents, books, records (including Tax records), agreements, and financial data of any sort relating to the Companies and the German Subsidiary in this Agreement; provided, however, that the Stockholders shall have the right to obtain access to such documents, books, records (including Tax records), agreements, and financial data to the extent related to the period prior to the Closing and make photocopies thereof for a proper purpose, such as in connection with the preparation of their Tax Returns.

(b) *Litigation Support*.

In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Buyer or the Stockholders, each of the other Parties will reasonably cooperate with the contesting or defending Party and his or its counsel in the contest or defense, make available his or its personnel, and provide such testimony and access to his or its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8 below).

(c) *Transition*.

Each of the Stockholders will use his or her best efforts not to take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of the Companies and the German Subsidiary from maintaining the same business relationships with the Parent and the Buyer after the Closing as it maintained with the Companies and the German Subsidiary prior to the Closing.

(d) *Marble Falls Facility*.

As soon as practicable following the Closing, Buyer shall satisfy the Indebtedness of the Companies to Marble Falls Industrial Development Corporation with respect to the Marble Falls Facility. The Buyer shall also promptly cause each of Donald M. Wreyford and James S. Wreyford to be released as a guarantor of such Indebtedness with respect to the Marble Falls Facility and any other Indebtedness of the Companies and the German Subsidiary guaranteed by such individuals.

(e) *Tax Matters*.

(i) With respect to the transactions contemplated by this Agreement, Parent, Buyer, and the Stockholders will provide each other with such cooperation and information as either of them may reasonably require of the other in connection with the filing of any Tax Return, including, to the extent applicable, Tax Returns relating to the application of the successor employer rules for payroll Tax purposes contained in Code Sections 3121(a)(1) and 3306(b)(1), the determination of a liability for Taxes or a right to a refund for Taxes, or the preparation for litigation or investigation of any claim for Taxes or a right to a refund for Taxes, or the preparation for cooperation and information shall include all relevant Tax Returns, and other documents and records, or portions thereof relating to or necessary in connection with the preparation of records, or portions thereof relating to or necessary in connection with the preparation of such Tax Returns or other determination of Tax Liability. Within sixty (60) days after the Closing Date, the Stockholders shall prepare all appropriate final federal and applicable state Tax Returns, except for any Tax Returns for the State of California or the State of Pennsylvania (which shall be filed as provided in Section 7(e)(iii) below), for the Companies for the taxable year(s) of such companies ended on or prior to the Closing Date consistent with past accounting practices and elections, and shall deliver a draft thereof to Parent at least thirty (30) days prior to the due date of such return (as extended, if applicable). The Stockholders shall be responsible for and shall pay when due all Taxes required to be paid pursuant to such Tax Returns.

(ii) With respect to Tax Returns which shall be filed after Closing with respect to Texas franchise Taxes applicable to the transactions contemplated by this Agreement and relating to the tax periods ending on or before the Closing Date, the Stockholders will cause to be prepared and filed all such Texas franchise Tax Returns for the Companies which are filed after the Closing Date; *provided*, *however*, that with respect to any such Texas franchise Tax Return, it shall be subject to the review, comment, and approval of the Parent and the Buyer, which will not be unreasonably withheld or delayed. Notwithstanding the provisions of Section 7(e)(i) above, regarding Taxes with respect to the first Tax Return with respect to Texas Franchise Taxes filed after the Closing Date, Parent and Buyer on the one hand, and the Stockholders on the other hand, shall each pay for fifty percent (50%) of the Texas Franchise Taxes shown as due and owing on such Tax Return, provided that the Liability accruing to the Parent and the Buyer with respect to such Texas Franchise Tax Return shall not in the aggregate exceed $15,000, it being understood that the Stockholders shall be responsible for one hundred percent (100%) of the Tax Liability arising from (A) such initial Tax Return with respect to Texas Franchise Taxes that is in excess of $15,000, and (B) any other Tax Liability arising from Texas Franchise Taxes. Notwithstanding any other provision contained in this Section 7(e), Parent, Buyer, and the Stockholders may (but shall not be required to) elect to satisfy all or part of the Tax Liability of the Stockholders with respect to Texas franchise Taxes out of any portion of the funds placed in the Tax Escrow.

(iii) The Companies and the Stockholders acknowledge and agree that there may be Tax Returns and Tax Liability for periods prior to the Closing Date, including but not limited to those matters set forth on Section 3(i) of the Company Disclosure Schedule. With respect to such Tax Liability or associated Liability for failure to register as a business corporation in the States of California and Pennsylvania, or failure to file Tax Returns in the States of California and Pennsylvania, and so as to facilitate the Parent, the Buyer, and the Surviving Corporation in, as expeditiously as possible, (A) bringing to a resolution all related assessment and

audit proceedings of the Companies by each of those states, (B) filing all related applicable Tax Returns, and (C) paying all related applicable Taxes, the Parties acknowledge and agree to use their reasonable best efforts to bring all such proceedings to a conclusion, file all applicable Tax Returns related thereto (which Tax Returns shall be prepared by the Stockholders, subject to the review, comment, approval of, and filing by, the Parent and the Buyer, which will not be unreasonably withheld or delayed) and pay all applicable Taxes related thereto. In connection therewith, the Parties agree that the Stockholders or their representatives will, at their expense and with the reasonable cooperation of the Parent, Buyer, and the Surviving Corporation, undertake to compile information deemed relevant to the final good faith, bona fide determination of all such Tax Liabilities of the Companies to the States of California and Pennsylvania. In the event of an assessment of Tax Liability by the State of California and/or the State of Pennsylvania (the "*State Tax Obligations*"), the Stockholders agree that such State Tax Obligations shall be satisfied first out of the funds placed in the Tax Escrow (as set forth below), and, to the extent that the funds held in the Tax Escrow are insufficient to satisfy such assessment(s), then shall be paid by the Stockholders. All out-of-pocket expenses of the Parent, Buyer, and Surviving Corporation in connection with any assessment or audit proceedings of the Companies by the States of California and the State of Pennsylvania shall be borne by the Stockholders. The Stockholders shall also be responsible for those costs and expenses incurred with respect to administering any proceedings with respect to the State Tax Obligations which exceed those reasonable expenses the Parent, Buyer, or Surviving Corporation incur in connection with their reasonable cooperation in concluding such proceedings relating to State Tax Obligations, it being acknowledged that their reasonable cooperation with respect to proceedings relating to State Tax Obligations would not result in any material interference with the devotion of Parent's, Buyer's, or Surviving Corporation's full-time employees (including but not limited to any of the Stockholders) to the Business.

(iv) *Amounts shall be held in the Tax Escrow as follows*:

(A) Amounts shall be held in the Pennsylvania Franchise and Income Tax Escrow until (i) the satisfaction or closure of an assessment of such State Tax Obligations issued by the governmental authorities of the State of Pennsylvania with respect to Pennsylvania franchise and income Taxes, or (ii) in the event of a dispute with respect to an assessment of such State Tax Obligations issued by the governmental authorities of the State of Pennsylvania, upon the final resolution of such dispute with the appropriate governmental or regulatory authority.

(B) Amounts shall be held in the Pennsylvania Sales and Use Tax Escrow until (i) the satisfaction or closure of an assessment of such State Tax Obligations issued by the governmental authorities of the State of Pennsylvania with respect to Pennsylvania sales and use Taxes, or (ii) in the event of a dispute with respect to an assessment of such State Tax Obligations issued by the governmental authorities of the State of Pennsylvania, upon the final resolution of such dispute with the appropriate governmental or regulatory authority.

(C) Amounts shall be held in the Pennsylvania Municipal Tax Escrow until (i) the satisfaction or closure of an assessment of such State Tax Obligations issued by the governmental authorities of the State of Pennsylvania with respect to Pennsylvania municipal Taxes, or (ii) in the event of a dispute with respect to an assessment of such State Tax Obligations issued by the governmental authorities of the State of Pennsylvania, upon the final resolution of such dispute with the appropriate governmental or regulatory authority.

(D) Amounts shall be held in the California Income and Franchise Tax Escrow until (i) the satisfaction or closure of an assessment of such State Tax Obligations issued by the governmental authorities of the State of California with respect to California income and franchise Taxes, or (ii) in the event of a dispute with respect to an assessment of such State Tax Obligations issued by the governmental authorities of the State of California, upon the final resolution of such dispute with the appropriate governmental or regulatory authority.

(E) Amounts shall be held in the California Sales and Use Tax Escrow until (i) the satisfaction or closure of an assessment of such State Tax Obligations issued by the governmental authorities of the State of California with respect to California sales and use Taxes, or (ii) in the event of a dispute with respect to an assessment of such State Tax Obligations issued by the governmental authorities of the State of California, upon the final resolution of such dispute with the appropriate governmental or regulatory authority.

(v) Parent shall cooperate with the Stockholders in preparation of all such tax returns and shall permit the Stockholders to have reasonable access to the books and records needed to prepare such statements. Unless Parent notifies the Stockholder Representative in writing within forty-five (45) days of receipt of such proposed tax returns, stating a reasonable basis for objection to any items contained in such tax return, Parent shall cause to be signed and filed on behalf of the Companies such proposed tax return or authorize the Stockholder Representative to sign such return. If there is any disagreement between Parent and the Stockholders with respect to such proposed tax return, Parent and the Stockholders shall submit such

disagreement to the Arbitrator, whose determination shall be final with respect to matters related to such return. Each Party shall retain all Tax Returns, schedules, workpapers, and all other materials, records or documents until the expiration of the statute of limitations for the taxable years to which such Tax Returns and other documents relate. After expiration of the statute of limitations, a Party shall notify the each other Party in writing that it desires to dispose of or destroy the Tax Returns and other documents and shall provide such other Parties with the right for thirty (30) days after the tendering of such notice to copy or take possession of such Tax Returns and other documents. Any information obtained under this provision shall be kept confidential by the Parties, except as may be necessary in connection with the filing of such Tax Returns.

(vi) Notwithstanding the provisions of this Section 7(e) nothing contained herein shall be construed to require any Party to take any action which would impair such Party's good faith compliance with applicable Tax laws and regulations.

(f) *Tax Distribution Amounts*.

Prior to the Closing, Antek Industrial Texas distributed to the Stockholders an aggregate amount of $89,000 (the “Tax Distribution Amount”) with respect to the payment of estimated quarterly taxes for the third quarter of the year 2000 through the Closing Date. Upon completion of the final federal income Tax Return of Antek Industrial Texas for the taxable year ended on or immediately prior to the Closing Date, as provided in Section 7(e) hereof, the Parties shall determine whether the Tax Distribution Amount was greater than or less than the amount sufficient to meet the applicable tax payment (the “Tax Payment Amount”) for such taxable year, after taking into account all previous distributions with respect to such taxable year, which Tax Payment Amount shall be computed at the maximum federal income tax rate consistent with the historical past practice of the Stockholders. To the extent the Tax Payment Amount exceeds the Tax Distribution Amount, an amount equal to such excess shall promptly be paid by Buyer to the Stockholders, pro-rata in the manner set forth in Section 2(e)(v) of the Stockholder Disclosure Schedule. To the extent that the Tax Payment Amount is less than the Tax Distribution Amount, Stockholders shall promptly pay to the Buyer in amount equal to such difference, pro-rata in the manner set forth in Section 2(e)(v) of the Stockholder Disclosure Schedule.

(g) *Insurance Coverage*.

The Buyer shall arrange for and provide appropriate amounts of insurance coverage with respect to the Marble Falls Facility and the Real Property which is the subject of the Houston Lease, as amended. Under no circumstances, however, shall the Buyer arrange or be responsible for, or otherwise provide, insurance coverage with respect to any other Real Property or Leased Real Property of the Companies or the German Subsidiary.

8. REMEDIES FOR BREACHES OF THIS AGREEMENT.

(a) *Survival of Representations and Warranties*.

All of the representations and warranties contained in Section 3(g)-3(bb), except Section 3(k) and Section 3(x) (and with respect to Section 3(x), regarding claims brought by any Person with respect to any Tax), of this Agreement and of the Parent and the Buyer contained in Section 4(e)-4(f) of this Agreement shall survive the Closing and continue in full force and effect for a period of eighteen (18) months thereafter; the representations and warranties contained in Section 3(k) and Section 3(x) (and with respect to Section 3(x), regarding claims brought by any Person with respect to any Tax) shall survive the Closing and continue in full force and effect until the expiration of the applicable statute of limitations with respect to the Tax Returns of the Companies and the German Subsidiary last filed with the appropriate governmental agency with respect to the stub period ending on the Closing Date; and all of the other representations, warranties, covenants, indemnities, and other agreements of the Parent, the Buyer and the Stockholders contained in this Agreement (including the representations and warranties contained in Section 3(a)-(f), and Section 4(a)-4(c)) shall survive the Closing and continue in full force and effect forever thereafter, subject to any applicable statutes of limitations. No action, claim, or proceeding may be brought by any Party hereto against any other Party resulting from, arising out of, or caused by a breach of a representation or warranty contained herein, or the failure to perform any covenant or other obligations hereunder, after the time such representation, warranty or covenant ceases to survive pursuant to the preceding sentence, unless written notice of such claim setting forth with specificity the basis for such claim is delivered to the applicable Party prior to such time.

(b) *Indemnification Provisions for Benefit of the Parent and the Buyer*.

(i) In the event any Stockholder breaches (or in the event any third party alleges facts that, if true, would mean any Stockholder has breached) any of his or her representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to Section 8(a) above, provided that either the Parent or the Buyer makes a written claim for indemnification setting forth the basis for such claim against such Stockholder pursuant to Section 9(g) below within such survival period, then such Stockholder agrees to defend, indemnify and hold harmless the Parent and the Buyer, subject to the limitations set forth herein, from and against any Adverse Consequences the Parent or the Buyer actually suffer through and after

the date of the claim for indemnification (including any Adverse Consequences the Parent or the Buyer may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach (or the alleged breach); *provided*, *however*, that:

(A) the Stockholders shall not have any obligation to indemnify the Parent or the Buyer from and against any Adverse Consequences resulting from, arising out of, or caused by the breach (or alleged breach) of any representation, warranty or covenant contained in Sections 3(f)-3(bb) (except Section 3(k), and Section 3(x) (and with respect to Section 3(x), regarding claims brought by any Person with respect to any Tax)), which exceed twenty-five percent (25%) of the Aggregate Consideration; and the Stockholders shall not have any obligation to indemnify the Parent or the Buyer from and against any Adverse Consequences resulting from, arising out of, or caused by the breach of any representation, warranty or covenant contained in the Agreement which exceed the full amount of the Aggregate Consideration;

(B) no Stockholder shall have any obligation to indemnify or defend the Parent or the Buyer from and against any Adverse Consequences resulting from, arising out of, relating to, in the nature of or caused by the breach of any or all representations or warranties contained in this Agreement for any amounts in excess of the Aggregate Consideration actually received by such Stockholder; and

(C) the Stockholders shall have no such indemnification obligation with respect to such breaches (or alleged breaches) contained in Section 3 of the Agreement until the Parent or the Buyer has suffered Adverse Consequences by reason thereof in excess of One Hundred Fifty Thousand Dollars ($150,000), but in such event, the Stockholders shall be liable for the full amount of such Adverse Consequences. No such threshold shall be applicable to the representations and warranties as contained in Section 3(d), or the State Tax Obligations and Texas franchise Taxes, as set forth in Section 7(e) and any amounts paid with respect to a breach of such representations and warranties or the covenants set forth in Section 7(e) shall not be applied against such threshold.

(ii) As security for the indemnification obligations of Stockholders under this Agreement, the Parties shall enter into the Escrow Agreement as of the Closing Date which shall be funded with (i) Two Million Dollars ($2,000,000) of the Merger Consideration otherwise payable to the Stockholders, with respect to the indemnification obligations arising under the representations, warranties, and covenants contained in this Agreement, except for the State Tax Obligations (the "*Transaction Escrow*"), and (ii) Six Hundred Forty Two Thousand Dollars ($642,000) of the Merger Consideration otherwise payable to the Stockholders, with respect to the State Tax Obligations, of which amount (A) One Hundred Fifty Thousand Dollars ($150,000) shall be allocated to those State Tax Obligations which are Pennsylvania franchise and income Taxes (the "*Pennsylvania Franchise and Income Tax Escrow*"), (B) One Hundred Eighty Seven Thousand Dollars ($187,000) shall be allocated to those State Tax Obligations which are Pennsylvania sales and use Taxes (the "*Pennsylvania Sales and Use Tax Escrow*"), (C) Fifty Thousand Dollars ($50,000) shall be allocated to those State Tax Obligations which are Pennsylvania municipal Taxes (the "*Pennsylvania Municipal Tax Escrow*"), (D) Twenty Thousand Dollars ($20,000) shall be allocated to those State Tax Obligations which are California income and franchise Taxes (the "*California Income and Franchise Tax Escrow*"), and (E) Two Hundred Thirty Five Thousand Dollars ($235,000) shall be allocated to those State Tax Obligations which are California sales and use Taxes (the "*California Sales and Use Tax Escrow*") (collectively, the Pennsylvania Franchise and Income Tax Escrow, the Pennsylvania Sales and Use Tax Escrow, the Pennsylvania Municipal Tax Escrow, the California Income and Franchise Tax Escrow, and the California Sales and Use Tax Escrow, the "*Tax Escrow*"). The amounts held in the Escrow Agreement under the Transaction Escrow shall be held for a period of eighteen (18) months, and for obligations of the Stockholders pursuant to any pending or unresolved claims arising pursuant to this Section 8. The amounts held in the Escrow Agreement under the Tax Escrow shall be held for a period, and released, as provided in Section 7(e) herein. Amounts held under the Escrow Agreement shall be a nonexclusive source of indemnification for any representations, warranties, or covenants under this Agreement, and shall not otherwise limit the liability of the Stockholders with respect to indemnification under this Agreement.

(c) *Indemnification Provisions for Benefit of the Stockholders*.

In the event Parent or Buyer breaches (or in the event any third party alleges facts that, if true, would mean Parent or Buyer has breached) any of their representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to Section 8(a) above, provided that the Stockholder Representative makes a written claim for indemnification setting forth with specificity the basis for such claim against Parent or the Buyer pursuant to Section 9(g) below within such survival period, then Parent and the Buyer, jointly and severally, agree to defend, indemnify and hold harmless the Stockholders from and against the entirety of any Adverse Consequences (up to but not in excess of the Merger Consideration) the Stockholders actually suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Stockholders may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach (or the alleged breach).

(d) *Matters Involving Third Parties*.

(i) If any third party shall notify any Party (the "*Indemnified Party*") with respect to any matter (a "*Third Party Claim*") which may give rise to a claim for indemnification against any other Party (the "*Indemnifying Party*") under this Section 8, then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(ii) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within fifteen (15) days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (C) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (D) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interest of the Indemnified Party, and (E) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(iii) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 8(d)(ii) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).

(iv) In the event any of the conditions in 8(d)(ii) above is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Section 8.

(e) *Determination of Adverse Consequences*.

The Parties shall take into account the time cost of money (using the Applicable Rate as the discount rate) in determining Adverse Consequences for purposes of this Section 8. All indemnification payments under this Section 8 shall be deemed adjustments to the Merger Consideration.

(f) *Post-Closing*.

Following the Closing, the remedy of the Stockholders, on the one hand, and Parent and the Buyer on the other hand, with respect to any breach or threatened breach of a representation, warranty or covenant contained herein or with respect to any event, circumstance or condition occurring on or before the Closing shall be limited to the enforcement of the indemnification obligations set forth in Section 8; provided, however, that nothing provided in this Section 8(f) shall limit the right of any Party to seek any equitable remedy available to enforce his or its rights hereunder in accordance with Section 9(n).

9. MISCELLANEOUS.

(a) *Press Releases and Public Announcements*.

Prior to the Closing Date, any press release or any public announcement relating to the subject matter of this Agreement shall require the prior written approval of the Parent, the Companies and the Stockholders. Subsequent to the Closing Date, Parent, upon prior notice to the Companies, may make any public disclosure it believes in good faith is required or permitted by applicable law or any listing or trading agreement concerning its publicly-traded securities.

(b) No *Third-Party Beneficiaries*.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(c) *Entire Agreement*.

This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(d) *Succession and Assignment*.

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of each other Party; provided, however, that either the Parent or the Buyer may (i) assign any or all of its rights and interests hereunder to one or more of its affiliates and (ii) designate one or more of its affiliates to perform its obligations hereunder (in any or all of which cases the assigning Party nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(e) *Counterparts*.

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

(f) *Headings*.

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) *Notices*.

All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Buyer or Roper Deutschland:

N. Will Crocker
ATK Acquisition Subsidiary, Inc.
c/o Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Copy to:
Thomas R. McNeill
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, NE, 16th Floor
Atlanta, GA 30303
Facsimile: (404) 572-6999

If to the Stockholders:

Donald M. Wreyford
665 Ellen Williams Loop
Kingsland, Texas 78639

Copy to:
Eddy J. Rogers
Mayor, Day, Caldwell & Keeton L.L.P.
700 Louisiana, Suite 1900
Houston, Texas 77002
Facsimile: (713) 225-7047

If to the Parent:

N. Will Crocker
Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Copy to:
Shanler D. Cronk, Esq.
Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the

intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(h) *Governing Law*.

This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Georgia without giving effect to any choice or conflict of law provision or rule (whether of the State of Georgia or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Georgia.

(i) *Amendments and Waivers*.

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) *Severability*.

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(k) *Expenses*.

Parent and Buyer will bear their own costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. The Stockholders each shall bear (i) his or her own costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses, and the fees and expenses of Prism Group LLC) and (ii) the costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses and the fees and expenses of Prism Group LLC) of the Companies and the German Subsidiary, incurred in connection with this Agreement and the transactions contemplated hereby.

(l) *Construction*.

Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” shall mean including without limitation. Items set forth in the Stockholder Disclosure Schedule shall clearly identify the purpose for which such disclosures, or such exceptions to the representations and warranties, as the case may be, are made. Any matter disclosed in one Section of the Stockholder Disclosure Schedule shall be deemed to be disclosed in all other Sections hereof where the inclusion of such matter therein would clearly be an exception to the corresponding representation or warranty contained in this Agreement.

(m) *Incorporation of Exhibits and Schedules*.

The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(n) *Specific Performance*.

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

(o) *Submission to Jurisdiction*.

Each of the Parties submits to the jurisdiction of any state or federal court sitting in the State of Georgia in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Parent and Buyer appoint The

Prentice-Hall Corporation System, Inc. as their agent to receive on is or its behalf service of copies of the summons and complaint and any other process that might be served in the action or proceeding. The Stockholders appoint the Stockholder Representative as his or her agent to receive on his or its behalf service of copies of the summons and complaint and any other process that might be served in the action or proceeding (the Prentice-Hall Corporation System, Inc. and the Stockholder Representative are referred to together in this Section 9(o) as the "*Process Agent*"). Any Party may make service on any other Party by sending or delivering a copy of the process (i) to the Party to be served at the address and in the manner provided for the giving of notices in Section 9(g) above or (ii) to the Party to be served in care of the Process Agent at the address and in the manner provided for the giving of notices in Section 9(g) above. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

(p) *Arbitration.*

Except as otherwise set forth in this Agreement, all disputes arising out of or under this Agreement shall be settled by arbitration in Charlotte, North Carolina before a single arbitrator pursuant to the rules of the American Arbitration Association. Arbitration may be commenced at any time by any of the Parties by giving written notice to each other than such dispute has been referred to arbitration under this Section 9(p). The arbitrator shall be selected by the joint agreement of the Parties, but if they do not so agree within twenty (20) days after the date of receipt of the notice referred to above, the selection shall be made pursuant to the rules from the panels of arbitrators maintained by the American Arbitration Association. Any award rendered by the arbitrator shall be conclusive and binding upon the Parties hereto; provided, however, that any such award shall be accompanied by a written opinion of the arbitrator giving the reason for the award. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the arbitrator in accordance herewith shall be final and binding and there shall be no right of appeal therefrom. The arbitrator shall assess, as part of his award to the prevailing Party, all or such part as the arbitrator deems proper of the arbitration expenses of the prevailing Party (including reasonable attorneys' fees) and of the arbitrator against the Party that is unsuccessful in such claim, defense or objection.

(q) *Stockholder Representative*.

(i) Each of the Stockholders hereby irrevocably constitutes and appoints Stockholder Representative, acting as hereinafter provided, as his or her attorney-in-fact and agent in his or her name, place and stead in connection with the transactions contemplated by this Agreement and matters arising therefrom subsequent to the date hereof, and acknowledges that such appointment is coupled with an interest. By executing and delivering this Agreement, Stockholder Representative hereby (i) accepts his appointment and authorization as Stockholder Representative to act as attorney-in-fact and agent in the name, place and stead of each of the Stockholders in accordance with the terms of this Agreement, and (ii) agrees to perform his duties and obligations hereunder.

(ii) Each Stockholder authorizes the Stockholder Representative in the name and on behalf of such Stockholder:

(A) to give and receive any notice required or permitted under this Agreement;

(B) to exercise any rights and to take any action required or permitted to be taken under this Agreement;

(C) to negotiate, execute and deliver any amendment to or modification of this Agreement or any of the provisions hereof and any waiver or consent hereunder;

(D) to dispute or to refrain from disputing any claim made by Parent, Buyer, or Company under this Agreement and any other agreements, instruments and documents to be delivered by or on behalf of such Stockholder pursuant to this Agreement;

(E) to negotiate and compromise any dispute which may arise, and to exercise or refrain from exercising remedies available under this Agreement and the other agreements, instruments and documents delivered or to be delivered by or on behalf of such Stockholder pursuant to this Agreement and to sign any releases or other documents with respect to any such dispute or remedy; and

(F) to give such instructions and to do such other things and refrain from doing such other things as the Stockholder Representative shall deem necessary or appropriate to carry out the provisions of this Agreement and any other agreements, instruments and documents delivered or to be delivered by or on behalf of such Stockholder pursuant to this Agreement.

Each of the Stockholders agrees to be bound by all agreements and determinations made, and agreements, documents and instruments negotiated, executed and delivered by the Stockholder Representative under this

Agreement.

(iii) Each of the Stockholders hereby expressly acknowledges and agrees that the Stockholder Representative is authorized to act in his or her name and on his or her behalf. Notwithstanding any dispute or disagreement among the Stockholders and/or the Stockholder Representative, Parent, Buyer and Company shall be entitled in good faith to rely on any and all action taken by the Stockholder Representative under this Agreement and the other agreements, instruments and documents to be delivered by or on behalf of the Stockholders pursuant to this Agreement without any liability to, or obligation to inquire of, any of the Stockholders. Each of Parent, Buyer and Company is hereby expressly authorized in good faith to rely on the genuineness of the signatures of the Stockholder Representative, and upon receipt of any writing which reasonably appears to have been signed by the Stockholder Representative, Parent, Buyer, and Company may act upon the same in good faith without any further duty of inquiry as to the genuineness of the writing.

(iv) If Donald M. Wreyford, as the Stockholder Representative, ceases to function for any reason whatsoever, then Randy L. Wreyford and James S. Wreyford shall, collectively, serve as the successor Stockholder Representative (provided that if Randy L. Wreyford and James S. Wreyford fail to agree on any common action, Ronnie M. Wreyford shall serve as the Stockholder Representative with respect to such matter); if either Randy L. Wreyford and James S. Wreyford cease to function as the Stockholder Representative for any reason whatsoever, then Stockholders who prior to the transactions contemplated by this Agreement held (or their successors in interest) a majority of the Antek Instruments Shares, Antek Industrial Shares, and Nitec Shares (when taken in the aggregate) may appoint a successor; *provided*, *however*, that if for any reason no successor has been appointed pursuant to the foregoing within thirty (30) days, then Parent, Buyer and Company shall have the right but not the obligation to petition a court of competent jurisdiction for appointment of a successor.

(v) The authorization of the Stockholder Representative shall be effective until such rights and obligations under this Agreement terminate by virtue of the termination of any and all obligations of the Stockholders hereunder.

(vi) The Stockholder Representative shall not be liable for any acts or omissions under this Section 9(q) except for its own gross negligence or willful misconduct. Each Stockholder agrees to indemnify and to save and hold harmless the Stockholder Representative of, from, against and in respect of any claim, action, cause of action, cost, liability or expense suffered or incurred by or asserted against the Stockholder Representative based upon or arising out of the performance by the Stockholder Representative of any act, matter or thing pursuant to the appointment herein made, except that no Stockholder shall be held or required to indemnify or to save or hold harmless the Stockholder Representative for the gross negligence or willful misconduct of the Stockholder Representative in the performance of his duties hereunder.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

ATK Acquisition Subsidiary, Inc.

By: _____

N. Will Crocker
President

Roper Industries Deutschland GmbH

By: _____

Name: _____

Title: _____

Roper Industries, Inc.

By: _____

N. Will Crocker
Group Vice President

Antek Instruments, Inc.

By: _____

Name: _____

Title: _____

Antek Industrial Instruments, Inc.

By: _____

Name: _____

Title: _____

[signatures continued on following page]

[signatures continued from prior page]

Nitec, Inc.

By: _____

Name: _____

Title: _____

STOCKHOLDERS:

_____

Donald M. Wreyford

_____

Lillian A. Wreyford

_____

Robert J. Sadler

_____

Kenyon Clonts

_____

Ronnie M. Wreyford

_____

Randy L. Wreyford

_____

James S. Wreyford

_____

Deborah A. Wreyford

_____

Larry D. Wreyford

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of Deborah A. Wreyford, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my wife, Deborah A. Wreyford, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Kenneth Winans

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of Donald M. Wreyford, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my husband, Donald M. Wreyford, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Lillian A. Wreyford

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of Lillian A. Wreyford, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my wife, Lillian A. Wreyford, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Donald M. Wreyford

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of Kenyon Clonts, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my husband, Kenyon Clonts, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Patricia S. Clonts

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of Randy L. Wreyford, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my husband, Randy L. Wreyford, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Becky Wreyford

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of James S. Wreyford, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my husband, James S. Wreyford, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Susan Wreyford

SPOUSAL CONSENT

CONSENT TO BE BOUND BY THE ABOVE AND FOREGOING AGREEMENT

The undersigned spouse of Larry D. Wreyford, a party to the foregoing Agreement, acknowledges on his own behalf that:

I have read the foregoing Agreement and Plan of Merger and I know its contents. I am aware that by its provisions my husband, Larry D. Wreyford, sells to Buyer all of her right, title and interest in the Antek Industrial Shares, Antek Instruments Shares, and the Nitec Shares, including my community interest (if any) in it (the "*Property*"). I hereby consent to the sale, approve of the provisions of the Agreement and Plan of Merger, and agree that such Property and my interest in it (if any) are subject to the provisions of the Agreement and Plan of Merger and that I will take no action at any time to hinder operation of the Agreement and Plan of Merger or such Property or my interest in it (if any).

Thus done and signed on the ____ day of August, 2000.

_____

Ingalill Wreyford

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

FLD ACQUISITION SUBSIDIARY, INC.,

ROPER INDUSTRIES, INC.,

AND

HANSEN TECHNOLOGIES CORPORATION

August 23, 2000

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this *"Agreement"*) is entered into on August 23, 2000, by and among **FLD ACQUISITION SUBSIDIARY, INC.**, a Delaware corporation (the *"Buyer"*), **ROPER INDUSTRIES, INC.**, a Delaware corporation and parent of Buyer (*"Parent"*), and **HANSEN TECHNOLOGIES CORPORATION**, an Illinois corporation (the *"Company"*). The Buyer, Parent, and the Company are referred to collectively herein as the *"Parties"*.

The Company, through itself and its wholly-owned subsidiary, Hansen Technologies Limited, imports and manufactures equipment used in commercial and industrial refrigeration systems, including valves, pumps and technologically advanced control devices.

This Agreement contemplates a transaction in which the Buyer shall merge with the Company, with the Company being the surviving corporation and in connection therewith, the Shareholders will receive consideration in the form of cash.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. DEFINITIONS.

"*Accounts Receivable Adjustments*" has the meaning set forth in Section 2(j)(ii)(C) below.

"*Accounts Receivable Schedule*" has the meaning set forth in Section 7(g)(ii) below.

"*Actual Settlement Amount*" has the meaning set forth in Section 8(e) below.

"*Adjusted Hermetic Pump Forecast*" has the meaning set forth in Section 7(f) below.

"*Adjustment Schedule*" has the meaning set forth in Section 2(j)(ii) below.

"*Adverse Consequences*" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

"*Affiliated Group*" means any affiliated group within the meaning of Code Section 1504(a) (or any similar group defined under a similar provision of state, local, or foreign law).

"*Aggregate Consideration*" has the meaning set forth in Section 2(d) below.

"*Applicable Rate*" means the corporate base rate of interest announced from time to time by the Bank One, N.A.

"*Arbitrator Firm*" has the meaning set forth in Section 2(j)(iii) below.

"*Audited 1999 Financial Statements*" has the meaning set forth in Section 3(g) below.

"*Basis*" means any past or present fact, situation, circumstance, status, condition, activity, practice, occurrence, event, incident, action, failure to act, or transaction that forms or would probably form the basis for any specified consequence.

"*Business*" means the business conducted by the Company and its Subsidiary prior to and as of the Closing Date.

"*Buyer*" has the meaning set forth in the preface above.

"*Buyer's Advisors*" has the meaning set forth in Section 6(a)(i) below.

"*Certificates*" has the meaning set forth in Section 2(g) below.

"*Closing*" has the meaning set forth in Section 2(h) below.

"*Closing Date*" has the meaning set forth in Section 2(h) below.

"*Closing Date Balance Sheet*" has the meaning set forth in Section 2(j)(ii) below.

"*Closing Interest Rate*" means simple interest at a rate of 8.25% per annum, calculated on the basis of 365 days per year and actual days elapsed.

"*COBRA*" has the meaning set forth in Section 3(y)(ix) below.

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

"*Company*" has the meaning set forth in the preface above.

"*Company Disclosure Schedule*" has the meaning set forth in Section 3 below.

"*Company Plans*" has the meaning set forth in Section 3(y) below.

"*Company Reserve*" has the meaning set forth in Section 2(j)(ii)(C) below.

"*Company Shares*" means the shares of Nonvoting Common, no par value, and Voting Common, no par value, of the Company.

"*Confidential Information*" means: (a) confidential data and confidential information relating to the business of any Party (the "*Protected Party*") which is or has been disclosed to another Party (the "*Recipient*") or of which the Recipient became aware as a consequence of or through its relationship with the Protected Party and which has value to the Protected Party and is not known to its competitors and which is designated by the Protected Party as confidential or otherwise restricted; and (b) information of the Protected Party, without regard to form, including, but not limited to, Intellectual Property, technical or nontechnical data, algorithms, formulas, patents, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product or service plans or lists of customers or suppliers which is not in the public domain and which information (i) derives economic value from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Notwithstanding anything to the contrary contained herein, Confidential Information shall not include any data or information that (v) has been voluntarily disclosed to the public by the Protected Party, (w) has been independently developed and disclosed to the public by others, (x) otherwise enters the public domain through lawful means, (y) was already known by Recipient prior to such disclosure (as evidenced by written documentation) or was lawfully and rightfully disclosed to Recipient by another Person, or (z) that is required to be disclosed by law or order without the availability of applicable protective orders or treatment.

"*Confidentiality Agreement*" has the meaning set forth in Section 10(c) below.

"*Delaware Act*" means the General Corporation Law of the State of Delaware, as amended.

"*Employee Benefit Plan*" means any (i) nonqualified deferred compensation or retirement plan or arrangement, qualified defined contribution retirement plan or arrangement, qualified defined benefit retirement plan or arrangement (including any Multiemployer Plan), and any other Employee Pension Benefit Plan (as defined in ERISA Section 3(2), (ii) employee welfare benefit plan, including any Employee Welfare Benefit Plan (as defined in ERISA Section 3(1)), (iii) fringe benefit plan or program, and (iv) each employment, severance, salary continuation or other contract, incentive plan, insurance plan arrangement, bonus plan and any equity plan or arrangement without regard to whether such plan, arrangement, program or contract exists under US or any similar non-US law, rule or regulation.

"*Employees*" has the meaning set forth in Section 7(e) below.

"*Employment Agreement*" has the meaning set forth in Section 5(a)(viii) below.

"*Environmental, Health, and Safety Laws*" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, together with all other US and non-US laws (including rules, regulations, state law rulings, codes, plans, permits, injunctions, judgments, orders, decrees, rulings, and charges) of federal, state, local and foreign governments (which foreign governments shall include, but not be limited to, the United Kingdom and the European Union) (and all agencies thereof) concerning pollution or protection of the environment, natural resources, public health and safety, or employee health and safety, including, but not limited to, laws relating to emissions, discharges, releases, or threatened releases of Hazardous Substances in ambient air, surface water, drinking water, wetlands, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes, all as in effect as of the Closing Date.

"*Equity Rights*" has the meaning set forth in Section 6(d) below.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Escrow Agent*" means SunTrust Bank, N.A.

"*Escrow Agreement*" means the Escrow Agreement dated the Closing Date, entered into among the Parent, the Company, the Shareholder Representative, and the Escrow Agent with respect to the indemnification obligations of the Shareholders under Section 8 of this Agreement, the form of which is set forth as Exhibit A.

"*Estimated Consideration*" has the meaning set forth in Section 2(d)(i).

"*Extremely Hazardous Substance*" has the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended, and any counterpart or similar non-US law, all as in effect as of the Closing Date.

"*Fiduciary*" has the meaning set forth in ERISA Section 3(21).

"*Financial Statements*" has the meaning set forth in Section 3(g) below.

"*GAAP*" means United States generally accepted accounting principles as in effect as of the date hereof.

"*GAAP Reserve*" has the meaning set forth in Section 2(j)(ii)(C) below.

"*Hazardous Substance*" means any substance regulated under or defined by Environmental, Health, and Safety Laws, including, but not limited to, any pollutant, contaminant, hazardous substance, hazardous constituent, hazardous waste, special waste, solid waste, industrial waste, petroleum derived substance or waste, or toxic substance.

"*Hermetic*" has the meaning set forth in Section 7(f) below.

"*Hermetic Payment*" has the meaning set forth in Section 7(f) below.

"*Hermetic Pump Business*" has the meaning set forth in Section 7(f) below.

"*Hermetic Pump Revenues*" has the meaning set forth in Section 7(f) below.

"*Illinois Act*" shall mean the Illinois Business Corporation Act of 1983, as amended.

"*Indebtedness*" means (i) all indebtedness for borrowed money or for the deferred purchase price of property or services (including, without limitation, reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured, but excluding all accounts payable and accruals), including the current portion of such indebtedness, (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, and (iii) all capital lease obligations.

"*Indemnification and Release Agreement*" has the meaning set forth in Section 5(a)(x) below.

"*Indemnified Party*" has the meaning set forth in Section 8(d) below.

"*Indemnifying Party*" has the meaning set forth in Section 8(d) below.

"*Intellectual Property*" means, with respect to the Business:

(a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all US and non-US patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof;

(b) all US and non-US trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith;

(c) all copyrightable works, all US and non-US copyrights, and all applications, registrations, and renewals in connection therewith;

(d) all mask works and all applications, registrations, and renewals in connection therewith;

(e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals);

(f) all computer software (including data and related documentation);

(g) all other proprietary rights; and

(h) all copies and tangible embodiments thereof (in whatever form or medium).

"*Inventory Count*" has the meaning set forth in Section 2(a) below.

"*Joint Defense Proceeding*" has the meaning set forth in Section 8(f) below.

"*Knowledge*" means, with respect to the Company and its Subsidiary, the knowledge of Charles C. Hansen III, Bruce Hansen, John Yencho, Richard Bergquist, Curtis Knapp, Harold W. Streicher, Jeff Mackowiak, and with respect to Sections 3(m), 3(o), 3(p)(vi), 3(p)(viii), 3(aa), and 3(bb) below, Orval J. Kuhn, Jr.

"*Leased Real Property*" has the meaning set forth in Section 3(l) below.

"*Liability*" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

"*Merger*" has the meaning set forth in Section 2(b) below.

"*Most Recent Financial Statements*" has the meaning set forth in Section 3(g) below.

"*Multiemployer Plan*" has the meaning set forth in ERISA Section 3(37).

"*Net Book Value*" means the net book value of the Company and its Subsidiary as determined in accordance with Section 2(j)(ii) below. Amounts recorded in currency other than U.S. Dollars shall be valued based upon the exchange rate published in the Wall Street Journal on the Closing Date.

"*Noncompetition and Assignment of Inventions Agreement*" has the meaning set forth in Section 5(a)(vii) below.

"*Ordinary Course of Business*" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"*Party*" has the meaning set forth in the preface above.

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

"*Process Agent*" has the meaning set forth in Section 10(o) below.

"*Product Warranty Claims*" means claims of the customers of the Company and its Subsidiary and/or users made at any time following Closing in the Ordinary Course of Business with respect to products sold, manufactured, leased or delivered by the Company and its Subsidiary on or prior to the Closing Date which (i) are based solely on the Company's and its Subsidiary's written product warranties disclosed to Buyer, and (ii) are only for the repair or replacement or refund of the purchase price remedies expressed in such written product warranties.

"*Prohibited Transaction*" has the meaning set forth in Section 3(y)(x)(B) below.

"*Proposed Settlement Amount*" has the meaning set forth in Section 8(e) below.

"*Purchase Price Adjustment*" has the meaning set forth in Section 2(j)(i) below.

"*Real Property*" means the real property interests of the Company commonly known as 6827 High Grove Boulevard, Burr Ridge, Illinois.

"*Receivables Threshold*" has the meaning set forth in Section 2(j)(ii)(C) below.

"*Release Agreement*" has the meaning set forth in Section 5(a)(vii) below.

"*Restricted Stock Plan*" means the Restricted Stock Plan of the Company, a copy of which is attached as Section 3(f)(ii) of the Company Disclosure Schedule.

"*Security Interest*" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens incurred in the Ordinary Course of Business not yet due and payable, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"*Shareholder Representative*" means Charles C. Hansen III (and his successor), who as a result of the due authorization of the Indemnification and Release Agreement by the Shareholders shall be deemed to have been appointed by the Shareholders for the purpose of acting on behalf of the Shareholders with respect to the transactions contemplated by this Agreement, including without limitation acting as transfer agent for the Company Shares, administering certain portions of the Aggregate Consideration, as adjusted, as set forth in Section 2 below, and making decisions with respect to indemnity claims and amendments to this Agreement, the Escrow Agreement, or any ancillary agreements.

"*Shareholders*" shall mean each of Richard H. Bergquist, an individual resident of the State of Illinois; Bradley R. Bremer, an individual resident of the State of Illinois; Donald G. Chason, an individual resident of the State of North Carolina; Mark E. Clausen, an individual resident of the State of Illinois; Craig J. Cotter, an individual resident of the State of Michigan; Michael E. Effrein, an individual resident of the State of Illinois; David F. Giza, an individual resident of the State of Pennsylvania; Charles C. Hansen III, an individual resident of the State of Illinois, as Trustee under The Charles C. Hansen III Declaration of Trust dated November 16, 1995; Dalius F. Vasys, an individual resident of the State of Illinois, as Trustee under the Charles C. Hansen III 2000 Qualified Annuity Interest Trust Agreement dated February 29, 2000; Bruce G. Hansen, an individual resident of the State of Illinois, Brian C. Hansen, an individual resident of the State of Colorado; Brian C. Hansen UGTM, as Custodian for Broughton G. Hansen and Greer R. Hansen; Holly Hansen Hetke, an individual resident of the State of Illinois; Holly Hansen Hetke UGTM, as Custodian for Charles R. Hetke and Allison J. Hetke; Christiane Hansen Shepherd, an individual resident of the State of California; Christiane Hansen Shepherd UGTM, as Custodian for Devin M. Shepherd, Madeleine M. Shepherd, and Owen C. Shepherd; Pamela Hansen Pierce, an individual resident of the State of Illinois; Pamela Hansen Pierce UGTM, as Custodian for Samantha G. Pierce and John T. Pierce Jr.; James H. Heissler, an individual resident of the State of Illinois; Curtis H. Knapp, an individual resident of the State of Illinois, Orval J. Kuhn, Jr., an individual resident of the State of Illinois, Santhosh Kumar, an individual resident of the State of Illinois; Michael J. Leitschuh, an individual resident of the State of Illinois; Jeffrey A. Mackowiak, an individual resident of the State of Illinois; Susan A. Maxwell, an individual resident of the State of Illinois; Mark R. Nelson, an individual resident of the State of Illinois; Michelle Palulis, an individual resident of the State of Florida; Joseph J. Reicher, an individual resident of the State of Illinois; John J. Sluga, an individual resident of the State of Illinois; Harold W. Streicher, an individual resident of the State of Illinois; Patricia J. Tapper, an individual resident of the State of Illinois; Catherine Valentino, an individual resident of the State of Illinois; Neil H. Wick, an individual resident of the State of Illinois; and John A. Yencho, an individual resident of the State of Illinois.

"*Shareholders' Expense Fund*" has the meaning set forth in Section 2(e)(ii) below.

"*Subsidiary*" means any corporation, limited partnership, limited liability company, or other entity with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock, units or other equity interests or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors, and means specifically, with respect to the Company, Hansen Technologies Limited, a corporation organized under the laws of the United Kingdom.

"*Surviving Corporation*" has the meaning set forth in Section 2(a) below.

"*Takeover Proposal*" means any written inquiry, proposal or offer from any Person relating to (A) any direct or indirect acquisition or purchase of (i)the assets of the Company or its Subsidiary outside of the Ordinary Course of Business, or (ii) any securities of the Company or its Subsidiary (other than the transactions contemplated by this Agreement), or (B) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or its Subsidiary.

"*Tax*" means any federal, state, local, or foreign (including, but not limited to, those of the United Kingdom and the European Union) income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, retailer's occupation taxes and other taxes commonly understood to be sales or use taxes, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

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

"*Third Party Claim*" has the meaning set forth in Section 8(d)(i) below.

"*Undisclosed Liabilities*" has the meaning set forth in Section 3(i) below.

2. MERGER.

(a) *Inventory Count.*

Not earlier than three (3) days prior to the Closing Date, the Company, at its expense, shall conduct a physical inventory count of the inventory of the Company and its Subsidiary (the "*Inventory Count*"), which Inventory Count shall be completed prior to the Closing. In conducting the Inventory Count, inventory quantities shall be determined in accordance with GAAP, applied in a manner consistent with the Audited 1999 Financial Statements. The Parent and the Buyer shall have the right to observe the Inventory Count.

(b) *Merger.*

At the Closing and subject to the terms and conditions of this Agreement, Buyer shall be merged with and into the Company (the "*Merger*"), in accordance with the relevant provisions of the Illinois Act and the Delaware Act, the separate corporate existence of the Buyer shall cease and the Company shall continue as the surviving corporation (the "*Surviving Corporation*"). The Merger shall otherwise have the effect set forth in the Illinois Act and the Delaware Act.

(c) *Execution of Merger.*

At the Closing, the Parties shall cause the Merger to be consummated by delivering articles of merger to the Secretary of State of Illinois (which shall include the execution and delivery of a short-form plan of merger, as provided therein) and a certificate of merger to the Secretary of State of Delaware executed in accordance with relevant provisions of the Illinois Act and the Delaware Act for filing thereby. The Articles of Incorporation of the Company shall be the Articles of Incorporation of the Surviving Corporation. The bylaws of the Buyer as in effect immediately prior to the Closing Date, shall be the bylaws of the Surviving Corporation. The officers and directors of Buyer immediately prior to the Closing Date shall be the officers and directors of the Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

(d) *Effect of Merger.*

At the Closing, by virtue of the Merger and without any action on the part of the holders thereof:

(i) all of the Company Shares shall be converted into, and represent the right to receive in the manner provided in Section 2(e) below, the aggregate of Forty-Three Million Two Hundred Eighty-Five Thousand Dollars ($43,285,000), plus or minus that amount which equals the increase or decrease in the Net Book Value of the Company and its Subsidiary for the period from December 31, 1999, to the Closing Date, which shall be determined and adjusted as provided in Section 2(j) below (the "*Aggregate Consideration*"). At the Closing, the Parent shall pay, pursuant to Section 2(e) below, an estimate of the Aggregate Consideration, which the Parties agree shall be Forty-Four Million Seven Hundred Thirty-Three Thousand Dollars ($44,733,000) (the "*Estimated Consideration*");

(ii) each share of capital stock of the Company that is held in the treasury of the Company, if any, shall be cancelled and retired and cease to exist and no consideration shall be issued in exchange therefor; and

(iii) each issued and outstanding share of capital stock of Buyer shall be converted into and become one fully paid and non-assessable share of Voting Common of the Surviving Corporation.

(e) *Payment of Aggregate Consideration.*

At the Closing, Parent shall pay the Estimated Consideration as follows:

(i) $5,620,000 shall be paid to the Escrow Agent, to be held and disbursed as provided in Section 8 below and the Escrow Agreement;

(ii) $500,000 shall be paid to a bank or other account which is designated in writing to the Buyer by the Shareholder Representative at least two (2) business days prior to the Closing Date, by wire transfer or other immediately available funds, which amount shall be held and disbursed in accordance with the Indemnification and Release Agreement (the *"Shareholders' Expense Fund"*);

(iii) the balance of the Estimated Consideration shall be paid to a bank or other account which is designated in writing to the Buyer by the Shareholder Representative at least two business days prior to the Closing Date, by wire transfer or other immediately available funds, which amount shall be paid to the Shareholders pro rata based upon the number of Company Shares held by each Shareholder as set forth on Section 3(f)of the Company Disclosure Schedule.

(f) *Shareholder Representative.*

In accordance with the terms of the Indemnification and Release Agreement, the Shareholders shall appoint the Shareholder Representative for the purpose of acting on behalf of the Shareholders with respect to the transactions contemplated by this Agreement, including without limitation acting as transfer agent for the Company Shares, administering certain portions of the Estimated Consideration, and when calculated, the Aggregate Consideration, and making decisions with respect to indemnity claims and amendments to this Agreement, the Escrow Agreement, or any ancillary agreements.

(g) *Surrender of Certificates.*

Pursuant to the Indemnification and Release Agreement, the Shareholders shall appoint Shareholder Representative as transfer agent for the purpose of exchanging certificates representing the Company Shares for each Shareholder's portion of the Estimated Consideration, as set forth in Section 2(e) above. At the Closing, each Shareholder shall deliver an executed letter of transmittal, in a form reasonably satisfactory to the Parent, together with those original certificates that immediately prior to the Closing represented the Company Shares held by the Shareholders, or a duly executed affidavit of lost certificate and indemnity for any Certificate which has been lost, stolen, seized or destroyed (the *"Certificates"*), to Parent. Upon the surrender of Certificates to Parent, the Shareholders shall be entitled to receive in exchange therefor the Estimated Consideration in accordance with Section 2(e)(iii) and the Certificates so surrendered shall be forthwith cancelled.

(h) *The Closing.*

The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Vedder, Price, Kaufman & Kammholz, 222 North LaSalle Street, Chicago, Illinois 60601, at 10:00 a.m., on September 1, 2000, or such other date and time, or in such other manner, as the Parties may agree (the "Closing Date").

(i) Deliveries at the Closing.

At the Closing, the Company and the Shareholders or the Shareholder Representative will deliver to the Parent and the Buyer the various certificates, instruments, and documents referred to in Section 5(a) below; (ii) the Parent and the Buyer will deliver to the Company and the Shareholder Representative the various certificates, instruments, and documents referred to in Section 5(b) below; (iii) the Company and the Shareholders or the Shareholder Representative will execute, acknowledge (if appropriate), and deliver to the Parent and the Buyer such documents as the Parent, the Buyer and their counsel may reasonably request; (iv) the Parent and the Buyer will execute, acknowledge (if appropriate), and deliver to the Company such documents as the Company and the Shareholder Representative and their counsel reasonably may request; and (v) the Parent will deliver to the Shareholders, and others specified in Section 2(e), the Estimated Consideration.

(j) *Minimum Net Book Value and Cash Requirement Purchase Price Adjustment.*

(i) The Estimated Consideration has been determined based on the assumption that the increase in Net Book Value of the Company and its Subsidiary for the period from December 31, 1999, to the Closing Date would be $1,448,000. The Aggregate Consideration shall equal the Estimated Consideration, (i) as reduced on a dollar-for-dollar basis to the extent that the Net Book Value of the Company and its Subsidiary as of the commencement of business on the Closing Date is less than $20,614,000, (ii) as increased on a dollar-for-dollar basis to the extent that the Net Book Value of the Company and its Subsidiary as of the commencement of business on the Closing Date is greater than $20,614,000, and (iii) as further reduced on a dollar-for-dollar basis to the extent the cash and cash equivalents (as defined in accordance with GAAP) of the Company and its Subsidiary as of the commencement of business on the Closing Date as reflected on the Closing Date Balance Sheet is less than $8,618,000. Any increase or decrease in the Aggregate Consideration from the Estimated Consideration pursuant to this Section 2(j) shall be referred to as a "Purchase Price Adjustment".

(ii) No later than sixty (60) days after the Closing Date, the Parent shall deliver to the Shareholder Representative (A) a consolidated balance sheet and a consolidated statement of income and retained earnings of the Company and its Subsidiary as of and for the period ended as of the commencement of business on the Closing Date (the *"Closing Date Balance Sheet"*), and (B) a separate statement calculating Net Book Value of the Company and its Subsidiary as of the commencement of business as of the Closing Date based on the Closing Date Balance Sheet, and showing any calculations with respect to any necessary Purchase Price Adjustment (the *"Adjustment Schedule"*), in each case together with reasonable supporting documentation. The Closing Date Balance Sheet shall be prepared and Net Book Value shall be determined in accordance with GAAP, applied in a manner consistent with those used in preparing the Audited 1999 Financial Statements, except that:

(A) all saleable inventory shall be valued as of the Closing Date in a manner consistent with the past practices of the Company and with the Audited 1999 Financial Statements and all nonsaleable inventory shall be attributed no value (it being understood that any inventory that technically may be considered "obsolete" under GAAP shall be included in the inventory valuation if it is saleable);

(B) the Closing Date Balance Sheet and Net Book Value shall not reflect any reserve or other adjustment for Product Warranty Claims;

(C) the reserve for bad debts and any other reserves or adjustments to the trade accounts receivable (collectively, the *"Accounts Receivable Adjustments"*), as set forth on the Closing Date Balance Sheet, shall be determined as follows: (1)first, there shall be a calculation of the Accounts Receivable Adjustments in a manner consistent with the past practices of the Company and with the Audited 1999 Financial Statements (which shall include any reversal of trade accounts receivable for goods returned consistent with past practice, it being understood that returned goods will be included in inventory (such initial calculation shall be referred to as the *"Company Reserve"*); (2) second, to the extent the Accounts Receivable Adjustments were not reflected on the Audited 1999 Financial Statements in a manner consistent with GAAP, there shall be a calculation of the Accounts Receivable Adjustments in accordance with GAAP, except that no adjustments for Product Warranty Claims shall be made (the *"GAAP Reserve"*); (3)third, there shall be a calculation of a product which shall equal (x) 0.035 multiplied by (y) the aggregate face amount of the trade accounts receivable of the Company and its Subsidiary set forth on the Closing Date Balance Sheet (such product shall be referred to as the *"Receivables Threshold"*), and (4) fourth, in the event that the GAAP Reserve or the Company Reserve is equal to or less than the Receivables Threshold, then the lesser of the GAAP Reserve or the Company Reserve shall be reflected on the Closing Date Balance Sheet as the reserve for Accounts Receivables Adjustments, and, in the event the GAAP Reserve exceeds the Receivables Threshold, the Accounts Receivable Adjustments reflected on the Closing Date Balance Sheet shall be an amount equal to the sum of the Company Reserve and the difference between the GAAP Reserve and the Receivables Threshold; and

(D) Except as otherwise provided in Section 2(j)(ii)(A), Section 2(j)(ii)(B), and Section 2(j)(ii)(C), to the extent the Audited 1999 Financial Statements were not prepared in accordance with GAAP consistently applied (based upon the authoritative accounting pronouncements and literature in effect as of December 31, 1999) and as a result the Net Book Value would otherwise be overstated or understated as of the Closing Date, the Closing Date Balance Sheet shall be prepared and the Net Book Value shall be determined

in accordance with GAAP as in effect as of December 31, 1999 (it being agreed that to the extent GAAP permits the use of alternative methodologies or approaches, including materiality determinations, those methodologies and approaches, including materiality determinations, used in preparing the Audited 1999 Financial Statements shall be applied in a consistent manner in preparing the Closing Date Balance Sheet and determining Net Book Value).

(iii) The Shareholder Representative shall, within thirty (30) days following its receipt of the Closing Date Balance Sheet and the Adjustment Schedule, accept or reject the Purchase Price Adjustment submitted by the Parent. If the Shareholder Representative disagrees with such calculation, he shall give written notice to the Parent of such disagreement and any reason therefor within such thirty (30) day period. Should the Shareholder Representative fail to notify the Parent of a disagreement within such thirty (30)day period, the Shareholders shall be deemed to agree with the Parent's calculation. Upon request by the Shareholder Representative at any time after receipt of the Closing Date Balance Sheet and Adjustment Schedule, Parent shall and shall cause Company to promptly make available in the Chicago metropolitan area to the Shareholder Representative and his accountants and other representatives the work papers used in preparing the Closing Date Balance Sheet and the Adjustment Schedule and in determining Parent's calculation of the Purchase Price Adjustment and such other documents as the Shareholder Representative may reasonably request in connection with his review thereof, as well as access by telephone or in person to the personnel that Parent or the Company employed to prepare the Closing Date Balance Sheet and Adjustment Schedule. If the Shareholder Representative does raise any objections, Parent and the Shareholder Representative shall use reasonable efforts to resolve any such disputes. If a final resolution is not obtained within thirty (30) days after the Shareholder Representative shall have submitted his objections to Parent, any remaining disputes shall be resolved by the Chicago, Illinois office of Deloitte & Touche (the *"Arbitrator Firm"*). The Arbitrator shall act as an arbitrator, shall resolve all disputes on terms in accordance with this Agreement, shall issue its report in writing within sixty (60) days after such disputes are submitted to the Arbitrator Firm and such report shall be conclusive and binding upon the Parties. The Shareholders on the one hand, and the Parent on the other hand, shall bear all costs and expenses incurred by it in connection with such arbitration, except that the fees and expenses of the Arbitrator Firm hereunder shall be borne by the Shareholders and the Parent in such proportion as the Arbitrator Firm shall determine based on the relative merit of the position of the parties. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the Arbitrator Firm in accordance with the provisions hereof shall be final and binding with respect to the matters so arbitrated and there shall be no right of appeal therefrom.

(iv) If, based on the Adjustment Schedule as finally determined, (i) the Net Book Value of the Company and its Subsidiary is greater than $20,614,000, the Parent shall pay to a bank or other account designated in writing by the Shareholder Representative to the Shareholders by wire transfer or other immediately available funds, such excess, plus interest on such amount at the Closing Interest Rate from the Closing Date through the date such payment is made, (ii) the Net Book Value of the Company and its Subsidiary is less than $20,614,000, the Shareholders shall pay to the Surviving Corporation such deficit, plus interest on such amount at the Closing Interest Rate from the Closing Date through the date such payment is made, or (iii) the cash and cash equivalents (as defined in accordance with GAAP)of the Company and its Subsidiary as reflected on the Closing Date Balance Sheet is less than $8,618,000, the Shareholders shall pay to the Surviving Corporation, such deficit. Final amounts due hereunder shall be paid no later than five (5) business days following the Shareholder Representative's agreement with the Parent's calculation of the Purchase Price Adjustment, or in the event of a disagreement, following the resolution of such disagreement by written agreement of the Parent and the Shareholder Representative, or the determination of the Arbitrator Firm pursuant to Section 2(j)(iii) above.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to the Parent and the Buyer that the statements contained in this Section 3 are true, correct and complete as of the date hereof, and will be true, correct and complete as of the Closing Date, except as specified to the contrary in the corresponding paragraph of the disclosure schedule prepared by the Company accompanying this Agreement and initialed by the Company and the Buyer (the *"Company Disclosure Schedule"*). The Company Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 3.

(a) *Organization of the Company and its Subsidiary.*

(i) The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Illinois and is duly qualified to conduct business in every jurisdiction where such qualification is required, which jurisdictions are set forth on Section 3(a)(i) of the Company Disclosure Schedule. The Shareholders are the sole record owners of the capital stock of the Company.

(ii) Hansen Technologies Limited is a Subsidiary of the Company, and is a corporation duly organized, validly existing, and in good standing under the laws of the United Kingdom and is duly qualified to conduct business in every jurisdiction where such qualification is required, which jurisdictions are set forth on Section 3(a)(ii) of the Company Disclosure Schedule. The Company is the sole record and beneficial owner of the capital stock of Hansen Technologies Limited.

(b) *Authorization of Transaction.*

The Company has full corporate power and authority to execute and deliver this Agreement and to perform its or his obligations hereunder. Without limiting the generality of the foregoing, the board of directors of the Company has duly authorized the execution, delivery, and performance of this Agreement by the Company. Subject to approval of this Agreement by the Shareholders, this Agreement constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms and conditions. In the event the Closing shall occur, the Shareholders shall have taken all shareholder action necessary on their part to duly authorize the execution, delivery and performance of this Agreement by the Company. Neither the Company, its Subsidiary, nor the Shareholders need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any United States (other than with respect to HSR), or to the Knowledge, after reasonable inquiry, of the Company, United Kingdom or other European Union governmental agency in order for the Company to consummate the transactions contemplated by this Agreement.

(c) *Noncontravention.*

Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby by the Company, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Company or its Subsidiary is subject or any provision of the articles of incorporation or the bylaws of the Company or its Subsidiary, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any material agreement, contract, lease, license, instrument, or other arrangement to which the Company or its Subsidiary is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets).

(d) *Brokers' Fees.*

Neither the Company, its Subsidiary, nor the Shareholders have incurred any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(e) *Title to Assets.*

The assets of the Company and its Subsidiary constitute all of the property and assets used by the Company and its Subsidiary or necessary to conduct the Business as presently conducted. Except for the Intellectual Property of the Company, the Company and its Subsidiary have good title to all of the assets of the Company free and clear of any Security Interest.

(f) *Capitalization; Company Shares.*

Section 3(f) of the Company Disclosure Schedule sets forth the number of authorized, issued, and outstanding equity securities of each of the Company and its Subsidiary, and indicates the record owners of such securities. The equity securities of each of the Company and its Subsidiary set forth on Section 3(f) of the Company Disclosure Schedule constitute all of the issued and outstanding capital stock of each of the Company and its Subsidiary, are validly issued, fully paid and non-assessable and owned, of record, by the stockholders set forth on Section 3(f) of the Company Disclosure Schedule, and none of such equity securities are subject to, nor have any been issued in violation of, preemptive or similar rights.

(i) The Company Shares constitute all of the issued and outstanding capital stock of the Company, are validly issued, fully paid and non-assessable and owned, of record, by the Shareholders, and none of the Company Shares are subject to, nor have any been issued in violation of, preemptive or similar rights.

(ii) All issuances, sales and repurchases of equity interests by the Company and its Subsidiary (including, without limitation, under the Restricted Stock Plan) have been effected in compliance with all applicable laws, including, without limitation, applicable foreign, federal and state securities laws. The stock ledger and other corporate records of the Company and its Subsidiary contain a complete and correct record of all issuances and transfers of equity interests of the Company and its Subsidiary. No options, warrants, conversion or other rights, agreements, commitments, arrangements or

understandings of any kind obligating the Company and its Subsidiary, contingently or otherwise, to issue or sell any shares of its common stock or any securities convertible into or exchangeable for any such shares or any other securities, are outstanding, and no authorization therefor has been given. At Closing, the Company will not have any Liability to any Person pursuant to the terms of the Restricted Stock Plan, except (i) the obligation to pay for the repurchase of Mr. Downen's and Mr. Zver's Company Shares, as reflected on the Financial Statements, and (ii) the obligation to pay for the repurchase of any Company Shares of any Shareholder whose employment with the Company terminates after the date of this Agreement, provided that any such repurchase obligation is satisfied in full and in cash.

(g) *Financial Statements*.

Attached as Section 3(g) of the Company Disclosure Schedule (collectively, the *"Financial Statements"*) are (i) audited consolidated balance sheet and related consolidated statement of income and retained earnings, comprehensive income and cash flow of the Company and its Subsidiary as of December 31, 1999 (the *"Audited 1999 Financial Statements"*), and (ii) unaudited interim consolidated balance sheet and related consolidated statement of income and retained earnings, comprehensive income and cash flow of the Company and its Subsidiary through May 31, 2000 (the *"Most Recent Financial Statements"*).

(i) Each of the Financial Statements is consistent with the books and records of the Company. Each of the Financial Statements has been prepared in conformity with GAAP and presents fairly the financial condition and results of operations and cash flows of the Company and its Subsidiary at the dates and for the periods specified, subject, in the case of unaudited financial statements, to the absence of notes and the absence of normal recurring year-end adjustments and procedures (none of which require material adjustment or are inconsistent in any material respect with past practice).

(ii) Neither the Company nor its Subsidiary have any debt, liability or obligation which is in the nature of an off-balance sheet debt, that is not reflected or reserved against in the Financial Statements. Accounts payable reflected in the Financial Statements have arisen from bona fide transactions. Neither the Company nor its Subsidiary are directly or indirectly a guarantor or obligated to provide funds in respect of a Liability of a third-party, except to the extent reflected and fully reserved against in the Financial Statements. Except as set forth in the Financial Statements, all liabilities of the Company and its Subsidiary can be prepaid without penalty at any time.

(h) *Events Subsequent to December 31, 1999.*

Since December 31, 1999, there has not been any material adverse change in the business, financial condition, operations, or results of operations of the Company and its Subsidiary. Without limiting the generality of the foregoing, since that date to the date hereof, the Company and its Subsidiary:

(i) have not sold, leased, transferred, or assigned any of its assets, tangible or intangible, except for sales of inventory in the Ordinary Course of Business, and except for the disposition of other assets having a value of not more than $40,000 in the aggregate;

(ii) except for purchase orders entered into in the Ordinary Course of Business and consistent with past practice, have not entered into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than $40,000 or outside the Ordinary Course of Business;

(iii) have not, and to the Knowledge of the Company, no party has, accelerated, terminated, modified, or canceled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than $40,000 to which the Company or its Subsidiary is a party or by which it is bound;

(iv) have not imposed or permitted any Security Interest upon any of their assets, tangible or intangible;

(v) have not made any distribution or any capital expenditure (or series of related capital expenditures) either involving more than $40,000 or outside the Ordinary Course of Business;

(vi) have not made any capital investment in, any loan to, or any acquisition of the securities of any other Person, or acquisition of assets, other than inventory, supplies and other assets in the Ordinary Course of Business;

(vii) have not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any Indebtedness;

(viii) have not delayed or postponed the payment of accounts payable or other Liabilities outside of the Ordinary Course of Business;

(ix) have not canceled, compromised, waived, or released any right or claim (or series of related rights and claims) outside the Ordinary Course of Business;

(x) have not granted any license or sublicense of any rights under or with respect to any Intellectual Property;

(xi) have not changed or authorized any change in their articles of incorporation, bylaws, or similar charter documents;

(xii) have not experienced any material damage, destruction, or loss (whether or not covered by insurance) to their property;

(xiii) have not made any loan to, or entered into any other transaction with, any of their directors or officers, and except in the Ordinary Course of Business, have not made any loan to, or entered into any other transaction with, any employees;

(xiv) have not entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement;

(xv) have not granted any increase in the compensation of any of their directors, officers, and employees other than general increases for employees in the Ordinary Course of Business;

(xvi) have not adopted, amended, modified or terminated any bonus, profit-sharing incentive, severance, or other plan, contract, or commitment for the benefit of any of their directors, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan);

(xvii) have not made any other change in employment terms for any of their directors, officers, and employees other than general increases for employees in the Ordinary Course of Business;

(xviii) have not made or pledged to make any charitable or other capital contribution;

(xix) have not declared or paid any dividend or other distribution, whether in cash or other property; and

(xx) have not entered into a commitment to do any of the foregoing.

(i) *Undisclosed Liabilities.*

Neither the Company nor its Subsidiary have any Liability, except for (i) Liabilities set forth on the Financial Statements, and (ii) Liabilities which have arisen after the date of the Financial Statements in the Ordinary Course of Business (none of which results from, arises out of, or was caused by any breach of contract that would result in a breach of the representations and warranties contained in Section 3(p) below, result in a Product Warranty Claim that would constitute a breach of the representations and warranties contained in Section 3(v) below, product liability or tort which are not covered by insurance maintained by the Company, infringement, or violation of law that would breach the representations and warranties contained in Section 3(j) below), (iii) Liabilities set forth on Section 3(i) of the Company Disclosure Schedule ("*Undisclosed Liabilities*").

(j) *Legal Compliance.*

The Company and its Subsidiary have complied with all applicable laws (including rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), the failure to comply with which, individually or in the aggregate, will result in Adverse Consequences the costs of which will exceed $25,000, and no action, suit, proceeding, hearing, charge, complaint, claim, demand, notice or, to the Knowledge of the Company, investigation, has been filed or commenced against the Company and its Subsidiary alleging any failure so to comply. The Company and its Subsidiary have duly filed all reports and returns required to be filed by it with governmental authorities and obtained all governmental permits and licenses and other governmental consents which are required in connection with the businesses and operations of the Company and its Subsidiary; all of such permits, licenses and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them are pending or, to the Knowledge of the Company, threatened,

except where any of the above would not have a material adverse effect on the Company and its Subsidiary, taken as a whole.

(k) *Tax Matters.*

(i) The Company's election to be treated as a "S Corporation" within the meaning of Code Sections 1361 et. seq. for federal income tax purposes terminated effective as of January 1, 1986.

(ii) The Company and its Subsidiary have filed all Tax Returns that they were required to file. All such Tax Returns were true, correct and complete in all material respects. All Taxes owed by the Company and its Subsidiary (whether or not shown on any Tax Return), have been paid or will be provided for on the Closing Date Balance Sheet. Neither the Company nor its Subsidiary are the beneficiary of any extension of time within which to file any Tax Return. There are no outstanding claims by an authority in a jurisdiction where the Company or its Subsidiary does not file Tax Returns that the Company or its Subsidiary is or may be subject to taxation by that jurisdiction. There are no Security Interests currently in place on any of the assets of the Company or its Subsidiary that arose in connection with any failure (or alleged failure) to pay any Tax.

(iii) The Company and its Subsidiary have made all withholdings of Taxes required to be made in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder, or other third party and such withholdings have either been paid to the appropriate governmental agency or set aside in appropriate accounts for such purpose.

(iv) Neither the Company nor its Subsidiary are currently under audit with respect to Taxes by any authority, and have not received any written notice that any authority is considering assessing any additional Taxes for any period for which Tax Returns have been filed and are not closed by the applicable statute of limitations. There is no dispute or claim concerning any Tax Liability of the Company or its Subsidiary either (A) claimed or raised by any authority in writing or (B) as to which the Company has Knowledge based upon personal contact with any agent or representative of such authority. Section 3(k) of the Company Disclosure Schedule lists all federal, state, local, and foreign income Tax returns filed with respect to the Company and its Subsidiary for taxable periods ended on or after December 31, 1996, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. The Company has delivered or made available to the Buyer true, correct and complete copies of all federal and foreign income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company and its Subsidiary since December 31, 1996.

(v) Neither the Company nor its Subsidiary have waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(vi) Neither the Company nor its Subsidiary have made any payments, are obligated to make any payments, or is a party to any agreement that could obligate any of them to make any payments that will not be deductible under Code Section 280G. Neither the Company nor its Subsidiary is a party to any Tax allocation or sharing agreement. Neither the Company nor its Subsidiary (A) have been a member of an Affiliated Group filing a consolidated federal income Tax Return (or comparable state Tax Return) (other than a group the common parent of which was the Company) or (B) have any Liability for the Taxes of any Person (other than the Company) under Treas. Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(l) *Real Property.*

(i) Neither the Company nor its Subsidiary own any real property except the Real Property. With respect to the Real Property:

(A) there are no pending or, to the Knowledge of the Company, threatened condemnation proceedings, lawsuits, annexations or administrative actions, special assessments, impact fees, or other governmental exactions (other than ad valorem taxes)relating to the Real Property or other matters affecting adversely the current use or occupancy thereof;

(B) the Real Property is in compliance with all zoning, building, health and other land use laws, ordinances, rules, codes, regulations, orders and requirements, and all facilities located on the parcel of property have received all approvals of governmental authorities

(including licenses and permits) required in connection with the ownership or operation thereof and have been operated and maintained in accordance with applicable laws, rules, and regulations, the damages for noncompliance, or the failure to receive such approvals, as the case may be, for which would exceed $25,000;

(C) there are no leases, subleases, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the Real Property;

(D) there are no outstanding contracts, options or rights of first refusal to purchase the Real Property, or any portion thereof or interest therein;

(E) there are no parties (other than the Company) in possession of the Real Property;

(F) adequate and usable public sanitary and storm sewers, public water facilities and other utilities for the use of the Real Property as currently used by the Company are available without charge except for customary usage charges;

(G) no portion of the Real Property is subject to any restrictions on use or development, such as being a government designated "wetland" area; and

(H) the Real Property has not been used as a landfill or for the dumping of debris or mining activities.

(ii) Section 3(l)(ii) of the Company Disclosure Schedule lists and describes briefly all real property leased to the Company and its Subsidiary (the *"Leased Real Property"*). The Company has delivered or made available to the Buyer true, correct and complete copies of the leases for the Leased Real Property (as amended to date). With respect to each lease for Leased Real Property:

(A) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect against the Company or its Subsidiary, as the case may be, and, to the Knowledge of the Company, against the other parties thereto;

(B) neither the Company nor its Subsidiary are, and to the Knowledge of the Company, no party to the lease or sublease is, in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(C) neither the Company nor its Subsidiary have, and to the Knowledge of the Company, no party to the lease or sublease has, repudiated any provision thereof;

(D) there are no disputes, oral agreements, or forbearance programs in effect as to the lease;

(E) neither the Company nor its Subsidiary have assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold; or

(F) to the Knowledge of the Company, all facilities leased thereunder have received all approvals of governmental authorities (including licenses and permits) required in connection with the operation thereof and have been operated and maintained in all material respects in accordance with applicable laws, rules, and regulations.

(m) *Intellectual Property.*

(i) The Company and its Subsidiary own or have the right to use, pursuant to license, sublicense, agreement, or permission, all Intellectual Property necessary or used in the operation of the Business as presently conducted. The Shareholders and each director, officer or employee of the Company and its Subsidiary has heretofore transferred or agreed in writing to transfer to the Company and its Subsidiary all right, title and interest of such person in and to any Intellectual Property invented by such person in the course of his employment with the Company or the Subsidiary, as the case may be, and used in the operation of the Business as presently conducted or as presently proposed to be conducted. Each item of Intellectual Property included among the assets of the Company and its Subsidiary or owned or used by the Company or its Subsidiary immediately prior to the Closing hereunder will be owned or

available for use by the Company and its Subsidiary on identical terms and conditions immediately subsequent to the Closing hereunder.

(ii) Neither the Company nor its Subsidiary has infringed upon, or misappropriated any Intellectual Property rights of third parties, and neither the Company nor its Subsidiary have ever received any charge, complaint, claim, demand, or notice alleging any such infringement, misappropriation, or violation (including any claim that any of the Company or its Subsidiary must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Company, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Company or its Subsidiary.

(iii) Section 3(m)(iii) of the Company Disclosure Schedule identifies each patent or registration which has been issued or transferred to the Company, its Subsidiary, or the Shareholders with respect to any of its Intellectual Property, identifies each pending patent application for registration which the Company, its Subsidiary, or the Shareholders has made with respect to any of its Intellectual Property, identifies each license, agreement, or other permission which the Company, its Subsidiary, or the Shareholders has granted to any third party with respect to any of its Intellectual Property, identifies each trade name or unregistered trademark used by the Company or its Subsidiary in connection with the Business, and identifies each Internet domain name used by the Company or its Subsidiary in connection with the Business. The Company has delivered or made available to the Buyer true, correct and complete copies of all such patents, registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to the Buyer true, correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. With respect to each item of Intellectual Property required to be identified in Section 3(m)(iii) of the Company Disclosure Schedule:

(A) the Company or its Subsidiary possesses all right, title, and interest in and to the item, free and clear of any Security Interest, license, or other restriction other than as set forth in any license, agreement or other provisions referred to in Section 3(m)(iii)(C);

(B) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(C) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Company, threatened, which challenges the legality, validity, enforceability, use, or ownership of the item; and

(D) Neither the Company nor its Subsidiary has ever agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(iv) Section 3(m)(iv) of the Company Disclosure Schedule identifies each item of Intellectual Property that any third party owns and that the Company or its Subsidiary uses pursuant to license, sublicense, agreement, or permission. The Company has delivered or made available to the Buyer true, correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in Section 3(m)(iv) of the Company Disclosure Schedule;

(A) To the Knowledge of the Company, the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(B) the license, sublicense, agreement, or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the Merger referred to in Section 2 above);

(C) neither the Company nor its Subsidiary, and to the Knowledge of the Company, no other party to the license, sublicense, agreement, or permission, is in breach or default, and to the Knowledge of the Company, no event has occurred which with notice of lapse of time would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(D) neither the Company nor its Subsidiary have, and to the Knowledge of the Company, no other party to the license, sublicense, agreement, or permission has, repudiated any provision thereof;

(E) to the Knowledge of the Company, the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(F) to the Knowledge of the Company, no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or threatened, which challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(G) neither the Company nor its Subsidiary have granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(n) *Tangible Assets.*

The Company and its Subsidiary own or lease all buildings, machinery, equipment, and other tangible assets necessary for the conduct of the Business as presently conducted. Each such tangible asset is, to the Knowledge of the Company, free from any material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear and taking into account its age), and is suitable for the purposes for which it presently is used.

(o) *Inventory.*

The inventory of the Company and its Subsidiary that is reflected on their respective books and records and will be included in the Inventory Count consists of raw materials and supplies, manufactured and purchased parts, goods in process, and finished goods, all of which is merchantable and fit for the purpose for which it was procured or manufactured, and such inventory is not damaged or defective, and is saleable in the Ordinary Course of Business.

(p) *Contracts.*

Section 3(p) of the Company Disclosure Schedule lists the following contracts and other agreements, written or oral, to which the Company or any of its Subsidiary is a party:

(i) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $40,000 per annum;

(ii) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one year, or which to the Knowledge of the Company, will result in a loss to the Company or its Subsidiary, or which involves consideration, in excess of $40,000;

(iii) any agreement concerning a partnership or joint venture;

(iv) any agreement (or group of related agreements) under which either of them has created, incurred, assumed, or guaranteed any Indebtedness, under which either of them has imposed a Security Interest on any of its assets, tangible or intangible;

(v) any agreement imposing a confidentiality or noncompetition obligation on the Company or its Subsidiary or any material agreement imposing a confidentiality or noncompetition obligation on any third party;

(vi) any agreement involving the Shareholders to which the Company or its Subsidiary is a party;

(vii) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other plan or arrangement for the benefit of any of its current or former directors, officers, and employees;

(viii) any agreement (A) for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of $60,000 or (B) providing severance benefits;

(ix) any agreement under which any of them have advanced or loaned any amount to any of their directors, officers, and employees;

(x) any agreement under which the consequences of a default or termination would have an adverse effect in the amount of $40,000 or more on the business, financial condition, or operations of the Company or its Subsidiary; or

(xi) any other agreement (or group of related agreements) the performance of which involves consideration in excess of $40,000.

The Company has delivered or made available to the Buyer a true, correct and complete copy of each written agreement listed in Section 3(p) of the Company Disclosure Schedule (as amended to date) and a written summary setting forth the terms and conditions of each oral agreement referred to in Section 3(p) of the Company Disclosure Schedule. Except as described in Section 3(p) of the Company Disclosure Schedule, there is no written agreement between either the Company or its Subsidiary and Hermetic-Pumpen GmbH or its affiliates, which relates to the Hermetic Pump Business. With respect to the customer orders of the Company and its Subsidiary, all such orders have been priced at an amount consistent with past practice. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect against the Company or its Subsidiary, as the case may be, and to the Knowledge of the Company against the other parties thereto, subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws from time to time affecting creditor's rights generally; (B) to the Knowledge of the Company, the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby, subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws from time to time affecting creditor's rights generally; (C) neither the Company nor its Subsidiary are, and to the Knowledge of the Company, no other party, is in material breach or default, and no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under such agreement; (D) neither the Company nor its Subsidiary, and to the Knowledge of the Company no other party has repudiated any provision of such agreement; and (E) such agreement does not prohibit or require consent in the event of a change of control of the Company or its Subsidiary. Neither the Company nor its Subsidiary (i) has engaged the Arbitrator Firm to perform any services for either of them during the three (3) year period ending on the date hereof or (ii) is currently engaged in any kind of discussions with the Arbitrator Firm with respect to its possible engagement to perform any services for the Company or its Subsidiary, other than as contemplated by Section 2(j)(iii) of this Agreement.

(q) *Notes and Accounts Receivable.*

The notes and accounts receivable of the Company and its Subsidiary are reflected properly on their books and records, are valid receivables subject to no valid setoffs or counterclaims.

(r) *Indebtedness.*

The Indebtedness of the Company and its Subsidiary (excluding accounts payable) is not greater than that which is set forth in the Most Recent Financial Statements. Except for the Indebtedness disclosed on the Financial Statements, neither the Company nor its Subsidiary has any Indebtedness.

(s) *Powers of Attorney.*

There are no outstanding powers of attorney executed on behalf of the Company or its Subsidiary.

(t) *Insurance.*

Section 3(t) of the Company Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which the Company and its Subsidiary have been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five (5) years:

(i) the name, address, and telephone number of the agent;

(ii) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(iii) the policy number and the period of coverage; and

(iv) a description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) all policy premiums due to date have been paid in full, and to the Knowledge of the Company, the policy is legal, valid, binding, enforceable, and in full force and effect with respect to the periods for which it purports to provide coverage subject to applicable bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement or moratorium or other similar

laws from time to time affecting creditor's rights generally; (B) neither the Company nor its Subsidiary or, to the Knowledge of the Company, any other party to the policy, is in breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (C) to the Company's Knowledge no party to the policy has repudiated any provision thereof. Section 3(t) of the Company Disclosure Schedule describes any self-insurance arrangements affecting the Company and its Subsidiary.

(u) *Litigation.*

Neither the Company nor its Subsidiary (i) are subject to any outstanding injunction, judgment, order, decree, ruling, or charge and (ii) are a party nor, to the Knowledge of the Company, have been threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator.

(v) *Product Warranty.*

Each product manufactured, sold, leased, or delivered by the Company and its Subsidiary or service provided by the Company and its Subsidiary has been in conformity with all applicable contractual commitments and all warranties, and neither the Company nor its Subsidiary have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability)for replacement or repair thereof or other damages in connection therewith, except for Product Warranty Claims, the aggregate amount of which does not exceed $250,000, or for which the Company and its Subsidiary are insured. Except as otherwise may be provided by applicable law, no product manufactured, sold, leased, or delivered by the Company and its Subsidiary is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. Section 3(v) of the Company Disclosure Schedule includes copies of the standard terms and conditions of sale or lease for the Company and its Subsidiary (containing applicable guaranty, warranty, and indemnity provisions). The warranty claims history of the Company for the years 1998 and 1999 included on the ISO9000 report (a copy of which has been provided to Buyer) is true and correct in all material respects.

(w) *Product Liability.*

There are no asserted or, to the Knowledge of the Company, threatened, claims against the Company and its Subsidiary arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, or delivered by the Company and its Subsidiary which is reasonably likely to result in Liability to the Company and its Subsidiary and the Company has no Knowledge of a reasonable basis for any such claim.

(x) *Employees.*

Section 3(x) of the Company Disclosure Schedule sets forth in all material respects (A) the name, (B) the current annual salary (or hourly wage), including any bonus or commitment to pay any other amount or benefit in connection with a termination of employment, if applicable, and (C) the specific identity of the employing entity, of all present employees, consultants, and independent contractors employed by the Company and its Subsidiary as of the date hereof. To the Knowledge of the Company, no executive, key employee, or group of employees has any plans to terminate employment with the Company or its Subsidiary. Neither the Company nor its Subsidiary are a party to or bound by any collective bargaining agreement, nor has it experienced any strikes, grievances or claims of unfair labor practice. The Company does not have any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to its employees. There is no claim outstanding or, to the Knowledge of the Company, threatened, claims respecting employment of any past or present employee of the Company and its Subsidiary including, without limitation, claims of personal injury (unless fully covered by worker's compensation, liability or indemnity insurance) discrimination, wage, hours or similar laws or regulations. There are no written employment or similar agreements for a fixed term between any employee of the Company and its Subsidiary and the Company and its Subsidiary; each employee of the Company and its Subsidiary is an at-will employee.

(y) *Employee Benefits.*

(i) No other corporation, trade, business, or other entity, would, together with the Company and its Subsidiary constitute a single employer within the meaning of Code Section 414.

(ii) Section 3(y) of the Company Disclosure Schedule contains a true and complete list of all of the Employee Benefit Plans which are presently in effect or which have previously been in effect within the last three (3) years for the benefit of current or former employees, officers, directors or consultants of the Company and its Subsidiary (the *"Company Plans"*). There are no Company Plans established or maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens.

(iii) No actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the Knowledge of the Company, threatened, with respect to any Company Plan and no event or condition exists or may be reasonably expected to occur which would result in the Company and its Subsidiary having any liability in respect of any Company Plan not reflected on the Financial Statements.

(iv) The Company and its Subsidiary have made all contributions or payments to or under each Company Plan required by law, or by the terms of such Company Plan.

(v) There is no lien outstanding upon any Assets pursuant to Code Section 412(n) in favor of any Company Plan.

(vi) The Company does not have any past, present or future obligation or liability to contribute to any Multiemployer Plan.

(vii) Neither the Company nor its Subsidiary are obligated, contingently or otherwise, under any agreement to pay any amount which would be treated as a "parachute payment," as defined in Code Section 280G(b) (determined without regard to Code Section 280G(b)(2)(A)(ii)).

(viii) With respect to each of the Company Plans:

(A) each of the Company Plans has been established, maintained, funded and administered in all material respects in accordance with its governing documents, and any applicable provisions of ERISA, the Code, other applicable law, and all regulations promulgated thereunder;

(B) none of the Company Plans nor any Fiduciary has engaged in a Prohibited Transaction as defined in ERISA Section 406 or Code Section 4975 (for which no individual or class exemption exist under ERISA Section 408 or Code Section 4975, respectively);

(C) all filings, returns, and reports as to each of the Company Plans required to have been made on or before the Closing Date to the Internal Revenue Service, or to the United States Department of Labor, the Pension Benefit Guaranty Corporation, or any other governmental agency have been or will be duly made by that date;

(D) each of the Company Plans which is intended to qualify as a tax-qualified retirement plan under Code Section 401(a) has received a favorable determination letter(s)from the Internal Revenue Service as to qualification of such Company Plan for the period from its adoption through the Closing Date or the remedial amendment period for obtaining a favorable determination letter has not yet expired; nothing has occurred, whether by action or failure to act, which has resulted in or would cause the loss of such qualification; and each trust thereunder is exempt from tax pursuant to Code Section 501(a);

(E) each of the Company Plans which is required to satisfy Code Sections 401(k)(3) or 401(m)(2) has been tested for compliance with, and has satisfied the requirements of, Code Sections 401(k)(3) and 401(m)(2) for each plan year ending prior to the Closing Date;

(F) no event has occurred and no condition exists relating to any of the Company Plans that would subject the Company and its Subsidiary to any Tax or Liability under IRS Sections 4971, 4972 or 4979, or to any Liability under ERISA Sections 502 or 4071; and

(G) to the extent applicable, each of the Company Plans has been funded in accordance with its governing documents, ERISA and the Code or other applicable law, has not experienced any accumulated funding deficiency (whether or not waived) and has not exceeded its full funding limitation (within the meaning of Code Section 412) at any time.

(ix) With respect to the Company Plans which provide group health benefits to employees of the Company and its Subsidiary and are subject to the requirements of Code Section 4980B and Part 6, Subtitle B of Title I of ERISA (*"COBRA"*), such group health plan has been administered in every

material respect in accordance with its governing documents and COBRA and with the group health plan requirements of Subtitle K, Chapter 100 of the Code and ERISA Sections 701 et. seq.

(x) With respect to employee benefit matters generally:

(A) neither the Company, its Subsidiary, nor any person, firm or corporation which is or has been under common control of the Company and its Subsidiary within the meaning of Section 4001(b) of ERISA, maintains or contributes to or has ever maintained or contributed to any Employee Benefit Plan subject to Title IV of ERISA;

(B) the consummation of the transactions contemplated hereby will not accelerate or increase any Liability under any of the Company Plans because of an acceleration or increase of any of the rights or benefits to which Company Plan participants or beneficiaries may be entitled thereunder;

(C) the Company does not have any obligation to any retired or former employee or any current employee of the Company and its Subsidiary upon retirement or termination of employment under any Company Plans, other than such obligations imposed by COBRA; and

(D) any of the Company Plans which is an "employee welfare benefit plan," within the meaning of ERISA Section 3(1), may be terminated prospectively without Liability to the Company, Parent, Buyer, or Surviving Corporation, including, without limitation, Liability for unreported (e.g., run-off) benefit claims, premium adjustments or termination charges of any kind.

(z) *Guaranties.*

Neither the Company nor its Subsidiary are a guarantor or otherwise liable for any Liability or obligation (including Indebtedness) of any other Person.

(aa) *Environment, Health, and Safety.*

Notwithstanding any other provision of this Agreement, the representations and warranties contained in this Section 3(aa) are the sole representations and warranties made with respect to or relating to Environment, Health and Safety Laws and any Liability related thereto. In addition, notwithstanding any other provision of this Section 3(aa), regarding the leased properties in Florida and Illinois and all operations associated therewith, all representations and warranties contained in this Section 3(aa) with respect to the actions (or omissions) of any Person other than the Company and its Subsidiary are made to the Company's Knowledge.

(i) The Company and its Subsidiary have complied with all Environmental, Health, and Safety Laws, the failure to comply with which is reasonably likely to result in Adverse Consequences in an amount in excess of $10,000 individually or in the aggregate, and no action, suit, proceeding, hearing, charge, complaint, claim, demand, notice, or to the Knowledge of the Company, investigation, has been filed or commenced against the Company or its Subsidiary alleging such failure.

(ii) Neither the Company nor its Subsidiary have any Liability (and neither the Company nor its Subsidiary have handled, used, stored, treated, recycled or disposed of any Hazardous Substance, arranged for the disposal of any Hazardous Substance, exposed any employee or other individual to any Hazardous Substance or condition, or owned or operated any property or facility in any manner that constitutes a violation of Environmental, Health and Safety Laws, could form the Basis for any present or future action, suit, proceeding, hearing, investigations, charge, complaint, claim or demand giving rise to any Liability) for penalties, investigations of or damage to any site, location, body of water (surface or subsurface), or other natural resources, for any illness of or personal injury to any employee or other individual, or for any reason under any Environmental, Health, and Safety Laws.

(iii) All properties and equipment used in the Business are, and to the Company's Knowledge, in the past, have been free of any amounts of asbestos, PCB's, methylene chloride, trichlorethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances, the presence of which

constitutes a violation of Environmental, Health and Safety Laws which is reasonably likely to result in Adverse Consequences.

(iv) Neither the Company nor its Subsidiary have any Liability for which the Company or its Subsidiary is responsible under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA" or the "Superfund Act"), or any similar state or local law, rule or regulation.

(bb) *Certain Business Relationships with the Company and its Subsidiary.*

None of the Shareholders or, to the Company's Knowledge, their current or former spouses, children, parents, grandparents, cousins, or other relatives has been involved directly or indirectly in any business arrangement or relationship with the Company or its Subsidiary since December 31, 1998, and no Shareholder owns any asset, tangible or intangible, which is used in the Business.

4. REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE BUYER.

Parent and Buyer, jointly and severally, represent and warrant to the Shareholders that the statements contained in this Section 4 are true, correct and complete as of the date hereof, and will be true, correct and complete as of the Closing Date.

(a) *Organization of the Parent and the Buyer.*

Each of Parent and Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation to do business in every jurisdiction where such qualification is required.

(b) *Authorization of Transaction.*

Each of Parent and Buyer has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Parent and Buyer, enforceable in accordance with its terms and conditions. Neither the Parent nor the Buyer need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agencies in order for the Parties to consummate the transactions contemplated by this Agreement.

(c) *Noncontravention.*

Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby (i)will violate any constitution, state, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Parent or Buyer is subject, or any provision of its certificate of incorporation or bylaws, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which the Parent or Buyer is a party or by which either of them is bound or to which any of their representative assets is subject (or result in the imposition of any Security Interest upon any of their respective assets)which is reasonably likely to have a material adverse effect on their ability to consummate the transactions contemplated by this Agreement.

(d) *Financial Resources.*

The Parent has sufficient financial resources to pay the Aggregate Consideration as required by this Agreement.

(e) *Broker's Fees.*

Neither Parent nor Buyer has incurred any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Shareholders could become liable or obligated.

(f) *Arbitrator Firm.*

None of Parent, Buyer or any of their affiliates (i) have engaged the Arbitrator Firm to perform any services for any of them during the three (3) year period ending on the date hereof or (ii) are currently engaged in any kind of discussions with the Arbitrator Firm with respect to its possible engagement to perform any services for Parent, Buyer or any of their affiliates, other than as contemplated by Section 2(j)(iii) of this Agreement.

5. CONDITIONS TO OBLIGATION TO CLOSE.

(a) *Conditions to Obligation of Parent and Buyer.*

The obligation of Parent and Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) the Company shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(iii) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) affect adversely the right of the Buyer to own the assets of the Company and its Subsidiary or to operate the Business (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) all filings that are required to have been made by the Parties with any United States, United Kingdom, or other European Union governmental agency in order to carry out the transactions contemplated by this Agreement shall have been made and all authorizations, consents and approvals from any United States, United Kingdom, or other European Union governmental agency (including but not limited to all necessary approvals under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) required to carry out the transactions contemplated by this Agreement shall have been received and any applicable waiting periods shall have expired;

(v) The Shareholders shall have approved this Agreement and none of such Shareholders shall have exercised dissenter's rights under the Illinois Act in connection with the transactions contemplated by this Agreement, and the statutory period to exercise such dissenter's rights shall have expired, or such right to exercise dissenter's rights shall have been waived;

(vi) the Company shall have delivered to the Parent and the Buyer a certificate, executed by the Company, to the effect that the conditions specified above in Section 5(a)(i)-5(a)(v) have been satisfied in all respects;

(vii) each of Charles C. Hansen III and Bruce G. Hansen shall have entered into a Noncompetition and Assignment of Inventions Agreement with a term equal to five (5) years, and each of John Yencho, Richard Bergquist, Curtis Knapp, Harold W. Streicher, Orval J. Kuhn, Jr., and Jeff Mackowiak shall have entered into a Noncompetition and Assignment of Inventions Agreement with a term equal to two (2) years, in form and substance as set forth in Exhibit C attached hereto (each, a *"Noncompetition and Assignment of Inventions Agreement"*), and the same shall be in full force and effect;

(viii) each of John Yencho, Harold W. Streicher, Orval J. Kuhn, Jr., and Jeff Mackowiak shall have entered into an Employment Agreement with a term equal to one (1) year, in form and substance as set forth in Exhibit D attached hereto (each, an *"Employment Agreement"*), each containing the titles and base compensation with respect to each employee as set forth in Exhibit E attached hereto, and the same shall be in full force and effect;

(ix) each of the Shareholder Representative, the Company, and the Escrow Agent shall have entered into the Escrow Agreement;

(x) each of the Shareholders, the Parent, the Buyer, and the Company shall have entered into an indemnification and release agreement (the *"Indemnification and Release Agreement"*), in form and substance as set forth in Exhibit F hereto;

(xi) the Company shall have delivered to the Parent and the Buyer a payoff letter with respect to all amounts due under the Indebtedness of the Company and its Subsidiary with respect to the Real

Property, in form and substance reasonably satisfactory to the Parent and the Buyer;

(xii) each of the Buyer and the Company shall have received the consent and estoppel of each of Jean Rappold, RB Properties, and Lexitron Limited, in form and substance satisfactory to the Parent and the Buyer, with respect to the Leased Real Property;

(xiii) the Parent and the Buyer shall have received from counsel to the Company and the Shareholders opinions with respect to the Company and its Subsidiary and the transactions contemplated hereby in form and substance as set forth in Exhibit G attached hereto, addressed to the Parent and the Buyer, and dated as of the Closing Date;

(xiv) the Company shall have taken all necessary corporate action to terminate all Company Plans, as set forth in Section 6(d) below, and evidence of the same shall have been delivered to the Parent and the Buyer;

(xv) the Company shall have conducted and completed the Inventory Count;

(xvi) the certificate of merger and the articles of merger with respect to the Merger shall have been filed in accordance with the Delaware Act and the Illinois Act, respectively;

(xvii) the Company shall have delivered to Parent and Buyer a certificate of the Secretary of the Company as to the incumbency of its officers, a copy of a certificate evidencing the incorporation and good standing of the Company, a copy of the articles and bylaws of the Company, and a copy of the resolutions adopted by the board of directors and the shareholders of the Company with respect to the transactions contemplated by this Agreement; and

(xviii) all actions to be taken by the Company in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Parent and the Buyer.

Either the Parent or the Buyer may waive any condition specified in this Section 5(a) if it executes a writing so stating at or prior to the Closing.

(b) *Conditions to Obligation of the Company.*

The obligation of Company to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 4 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) Parent and Buyer shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) all filings that are required to have been made by the Parties with any United States, United Kingdom, or other European Union governmental agency in order to carry out the transactions contemplated by this Agreement shall have been made and all authorizations, consents and approvals from any United States, United Kingdom, or other European Union governmental agency (including but not limited to all necessary approvals under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) required to carry out the transactions contemplated by this Agreement shall have been received and any applicable waiting periods shall have expired;

(v) the Parent and the Buyer shall have delivered to the Company and the Shareholder Representative a certificate to the effect that the conditions specified above in Section 5(b)(i)-5(b)(iv) have been satisfied in all respects;

(vi) each of the Parent, Buyer and the Escrow Agent shall have entered into the Escrow Agreement;

(vii) the Buyer shall have offered each of John Yencho, Richard Bergquist, Curtis Knapp, Harold W.

Streicher, Orval J. Kuhn, Jr., Mike Effrein, and Jeff Mackowiak the opportunity to enter into an Employment Agreement, each containing the titles and base compensation with respect to each employee as set forth in Exhibit E attached hereto;

(viii) the Shareholder Representative shall have received from counsel to the Parent and the Buyer an opinion in form and substance as set forth in Exhibit H attached hereto, addressed to the Shareholder Representative, and dated as of the Closing Date;

(ix) the Shareholders shall have approved this Agreement and none of such Shareholders shall have exercised dissenter's rights under the Illinois Act in connection with the transactions contemplated by this Agreement and the statutory period to exercise such dissenter's rights shall have expired, or such right to exercise dissenter's rights shall have been waived;

(x) each of the Parent and the Buyer shall have delivered to the Company and the Shareholder Representative a certificate of the Secretary of each of the Parent and the Buyer as to the incumbency of each of their officers, a copy of certificates evidencing the incorporation and good standing of the Parent and the Buyer, a copy of the articles and bylaws of the Parent and the Buyer, and a copy of the resolutions adopted by the board of directors of the Parent and the Buyer with respect to the transactions contemplated by this Agreement; and

(xi) all actions to be taken by the Parent and the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Company.

Either the Company or the Shareholder Representative may waive any condition specified in this Section 5(b) if it or he executes a writing so stating at or prior to the Closing.

6. PRE-CLOSING COVENANTS.

The Parties agree as follows with respect to the period prior to the Closing:

(a) *Access and Investigation.*

Between the date hereof and the Closing Date, the Company will cause its representatives to:

(i) afford the Buyer and its representatives (collectively, "*Buyer*'s *Advisors*") reasonable access to the Company and its Subsidiary, and their personnel, properties (including for purposes of environmental testing), contracts, books and records, and other documents and data provided that such access does not unreasonably interfere with the conduct of the Business;

(ii) furnish the Buyer with copies of all such contracts, books and records, and other existing documents and data as the Buyer may reasonably request; and

(iii) furnish the Buyer and Buyer's Advisors with such additional financial, operating and other data and information as the Buyer may reasonably request.

(b) *Operation of the Businesses of the Company and its Subsidiary.*

Between the date hereof and the Closing Date, the Company and its Subsidiary will, and the Company and its Subsidiary will cause its representatives to:

(i) conduct the Business only in the Ordinary Course of Business, or otherwise with the written consent of the Buyer;

(ii) use their reasonable efforts to preserve intact the current business organization of the Company and its Subsidiary, keep available the services of the current officers, employees, and agents of the Company and its Subsidiary, maintain the relations and good will with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with the Company and its Subsidiary, and maintain such amount of working capital necessary for the Company and its Subsidiary

to conduct the Business in the Ordinary Course of Business, it being acknowledged that Charles C. Hansen III and Bruce Hansen shall cease performance of any such services on the Closing Date; and

(iii) confer with the Buyer concerning operational matters of a material nature and the status of business operations and finances.

(c) *Negative Covenant.*

Except as otherwise permitted by this Agreement, between the date of this Agreement and the Closing Date, Parent and Buyer will not, without prior written consent of the Company, take any affirmative action, or fail to take any reasonable action within their or its control, which would cause or result in an inaccuracy or breach of any of the representations or warranties of the Parent and Buyer set forth in this Agreement. Except as otherwise expressly permitted by this Agreement, between the date of this Agreement and the Closing Date, the Company and its Subsidiary will not, without the prior consent of the Buyer, take any affirmative action, or fail to take any reasonable action within their or its control, which would cause or result in an inaccuracy or breach of any of the representations, warranties or covenants of the Company set forth in this Agreement, including, without limitation, any action specified in Section 3(h) of this Agreement. Without limiting the generality of the foregoing, the Company agrees that it shall not, and shall cause its Subsidiary not to, take any of the following actions without the prior written consent of the Buyer or the Parent:

(i) amend the Articles of Incorporation or Bylaws of the Company and its Subsidiary; make any change in its authorized, issued or outstanding capital stock or any other equity security; issue, sell, pledge, assign or otherwise encumber or dispose of, or purchase, redeem or otherwise acquire, any of the shares of capital stock or other equity securities of the Company or its Subsidiary or enter into any agreement, call or commitment of any character so to do; grant or issue any stock option or warrant relating to, right to acquire, or security convertible into, shares of capital stock or other equity security of the Company and its Subsidiary; purchase, redeem, retire or otherwise acquire any shares of, or any security convertible into, capital stock or other equity security of the Company and its Subsidiary, or agree to do any of the foregoing set forth in this Section 6(c)(i), except as may be required under the Restricted Stock Plan;

(ii) acquire, directly or indirectly, substantially all of the assets of, or a controlling equity interest in, any corporation or other entity, or enter into any commitment to do the same;

(iii) propose, declare, set aside or pay any dividend or other distribution in respect of any of its capital stock (including, without limitation, any stock dividend or distribution);

(iv) incur any Indebtedness, other than normal, Ordinary Course of Business trade payables and accruals;

(v) commit to or expend funds for any capital expenditure in excess of $15,000 (except for expenditures of funds for capital commitments in existence on the date hereof as set forth on Section 6(c)(v) of the Company Disclosure Schedule), except upon prior written notice to and written consent of the Buyer;

(vi) enter into any agreement, commitment or similar transaction with any of the Shareholders;

(vii) enter into any employment contract or collective bargaining agreement, written or oral, or modify the terms of any existing such contract or agreement, except as disclosed in the Company Disclosure Schedule;

(viii) grant any increase in the base compensation of any of its directors, officers, and employees outside the Ordinary Course of Business;

(ix) adopt, amend, modify, or terminate any bonus, profit-sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or taken any such action with respect to any other Company Plan), except as otherwise required under applicable law and except as disclosed in the Company Disclosure Schedule; and

(x) make any other change in employment terms for any of its directors, officers, and employees outside the Ordinary Course of Business.

(d) *Termination of Plans.*

Prior to the Closing Date and contingent upon consummation of the Closing, the Company will terminate the Restricted Stock Plan, and all other plans or agreements, if any, permitting the issuance of Company Shares or the capital stock of the Company's Subsidiary; options to acquire Company Shares or the capital

stock of the Company's Subsidiary; and/or other rights to acquire Company Shares or capital stock of the Company's Subsidiary, that are valued in whole or in part by reference to Company Shares or capital stock of the Company's Subsidiary or that may be settled in Company Shares or capital stock of the Company's Subsidiary (the Restricted Stock Plan, and such option and other rights are hereafter collectively referred to as *"Equity Rights"*). Prior to the Closing Date and contingent upon consummation of the Closing, the Company shall take such action as is necessary to cancel, effective no later than the Closing Date, all outstanding Equity Rights in a manner that is binding upon the holders of such Equity Rights and without liability to the Company that has not been fully satisfied on the Closing Date. Prior to the Closing Date and contingent upon consummation of the Closing, the Company shall take all corporate action necessary to terminate, effective no later than the day before the Closing Date, all Company Plans which are intended to qualify as tax-qualified retirement plans under Code Section 401(a), including but not limited to the 401(k) Profit Sharing and Employee Savings and Protection Plan of the Company with Equitable Life.

(e) *No Merger or Solicitation.*

(i) Neither the Company nor its Subsidiary shall, or authorize or permit any of their officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative or agent retained by them, to, directly or indirectly, solicit, initiate, or encourage (including by way of furnishing nonpublic information), or take any other action to facilitate, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any Takeover Proposal, or agree to or endorse any Takeover Proposal, or participate in any discussions or negotiations, or provide third parties with any nonpublic information, relating to any such inquiry or proposal. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by the Shareholders, any director or executive officer of the Company and its Subsidiary, or any investment banker, attorney or other advisor or representative of the Company and its Subsidiary, whether or not such Person is purporting to act on behalf of the Company, its Subsidiary, or otherwise, shall be deemed to be a breach of this Section 6 (e) by the Company.

(ii) Subject to its fiduciary duties, neither the Board of Directors of the Company nor any committee thereof shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to the Buyer, the approval or recommendation by such Board of Directors or any such committee of this Agreement or the transactions contemplated hereby, (ii) approve or recommend, or propose to approve or recommend, any Takeover Proposal, or (iii) enter into any agreement with respect to any Takeover Proposal.

(iii) In addition to the obligation of the Company set forth in paragraph (ii) above, the Company promptly shall advise the Parent and the Buyer orally and in writing of any request for information or of any Takeover Proposal, or any inquiry with respect to or which could lead to any Takeover Proposal, the material terms and conditions of such request, Takeover Proposal or inquiry and the identity of the Person making any such request, Takeover Proposal or inquiry.

(f) *Notice of Developments.*

The Company shall deliver to the Parent and the Buyer promptly after the Company becomes aware of any change affecting the content of the Company Disclosure Schedule, but in any event no later than two (2) days prior to the Closing Date, revised Company Disclosure Schedules to the representations and warranties set forth in Article 3, to reflect any matters which have occurred from and after the date of this Agreement, which, if existing on the date of this Agreement, would have resulted in a disclosure or exception with regard to any such representation and warranty. If in Parent's or Buyer's reasonable determination any such modifications or amendments are material to the Business, Parent or Buyer shall have until the earlier of (i) the Closing Date or (ii) five (5) days after receipt of such notice to terminate this Agreement or to propose an adjustment to the Aggregate Consideration. If the Company and the Shareholder Representative do not agree to any proposed adjustment to the Aggregate Consideration, the Parent or the Buyer may terminate this Agreement. Unless the Parent or the Buyer exercises such right of termination within such five (5) day period, the written notice delivered to the Parent and the Buyer will be deemed to have amended the Company Disclosure Schedule and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder.

7. POST-CLOSING COVENANTS.

The Parties agree as follows with respect to the period following the Closing:

(a) *General.*

In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor hereunder). The Shareholders acknowledge and agree that from and after the Closing the Surviving Corporation will have the right to possession of all documents, books, records (including Tax records), agreements, and financial data of any sort relating to the Company and its Subsidiary; provided, however, that the Shareholders shall have the right to obtain access to such documents, books, records (including Tax records), agreements, and financial data to the extent related to the period prior to the Closing and make photocopies thereof for a proper purpose, such as in connection with the preparation of their Tax Returns as described more fully in Section 7(d) below.

(b) *Litigation Support.*

In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Surviving Corporation or the Shareholders, each of the other Parties will reasonably cooperate with the contesting or defending Party and his or its counsel in the contest or defense, make available his or its personnel, and provide such testimony and access to his or its books and records as shall be reasonably necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8 below).

(c) *Confidentiality.*

Except as may be reasonably necessary to enforce the Shareholders'rights under this Agreement, the Shareholders will treat and hold as confidential all of the Confidential Information, refrain from using any of the Confidential Information and deliver promptly to the Surviving Corporation or destroy, at the request and option of the Surviving Corporation, all tangible embodiments (and all copies) of the Confidential Information which are in his or her possession. In the event that any Shareholder is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, such Shareholder will notify the Surviving Corporation promptly of the request or requirement so that the Surviving Corporation may seek an appropriate protective order or waive compliance with the provisions of this Section 7(c). If, in the absence of a protective order or the receipt of a waiver hereunder, such Shareholder is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such Shareholder may disclose the Confidential Information to the tribunal; provided, however, that such Shareholder shall use its reasonable efforts to obtain, at the reasonable request of the Surviving Corporation and at the Surviving Corporation's sole expense, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as the Surviving Corporation shall designate.

(d) *Tax Matters.*

(i) With respect to all tax periods ending on or before the Closing Date, the Shareholders will cause to be prepared and filed all Tax Returns for the Company and its Subsidiary which are filed after the Closing Date; *provided, however,* that with respect to any such Tax Return, such Tax Return shall be subject to review, comment, and approval of the Parent and the Surviving Corporation, which approval shall not be unreasonably withheld or delayed so long as the items reported on such Tax Return are prepared on a basis that is consistent with the reporting of such items on past Tax Returns unless there does not exist substantial authority as determined in good faith after reasonable consultation with the Shareholder Representative for the reporting of any such item on such Tax Return. With respect to all tax periods beginning before and ending after the Closing Date, the Surviving Corporation or Parent, as the case may be, shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Company and its Subsidiary; *provided, however,* that with respect to any such Tax Return, the preparation of such Tax Return as it relates to the portion of the tax period before the Closing Date shall be subject to the review, comment, and approval of the Shareholder Representative, which will not be unreasonably withheld or delayed. Buyer, Parent, Company and the Shareholders shall cooperate fully, and to the extent reasonably requested by the other party in connection with the filing of Tax Returns pursuant to this Section 7 (d), and any audit, litigation or other proceeding with respect to Taxes; *provided, however*, that in no event shall Surviving Corporation or Parent file any Tax Returns or amended Tax Returns with respect to tax periods ending on or before the Closing Date without the express written consent of the Shareholders, which consent shall not be unreasonably withheld or delayed; and *provided, further, however*, that notwithstanding anything in this Agreement to the contrary, the Shareholders shall have the right to control the good faith contest of any claim, notice,

assessment or deficiency with respect to Taxes for any tax period ending on or before the Closing Date for which Parent and Buyer have been and are fully indemnified under this Agreement.

(ii) Except as specifically set forth in Section 7(d)(i) above, Parent, Surviving Corporation, and the Shareholders will provide each other with such cooperation and information as either of them may reasonably require of the other in connection with the filing of any Tax Return, including Tax Returns relating to the application of the successor employer rules for payroll Tax purposes contained in Code Sections 3121(a)(1) and 3306(b)(1), the determination of a liability for Taxes or a right to a refund for Taxes, or the preparation for litigation or investigation of any claim for Taxes or a right to a refund for Taxes, including making available all relevant Tax Returns, and other documents and records, or portions thereof relating to or necessary in connection with the preparation of records, or portions thereof relating to or necessary in connection with the preparation of such Tax Returns or other determination of Tax Liability. Each Party shall retain all Tax Returns, schedules, workpapers, and all other materials, records or documents until the expiration of the statute of limitations for the taxable years to which such Tax Returns and other documents relate. In the event that a governmental agency or other third party files a Claim against the Parent or the Surviving Corporation with respect to Taxes or Tax Returns which relate to the period prior to the Closing Date, the Shareholder Representative shall be granted reasonable access during normal business hours to any materials, records, or documents relating to such Claim, and shall be afforded those rights set forth in Section 8(d)(iii) below. After expiration of the statute of limitations, a Party shall notify the each other Party in writing that it desires to dispose of or destroy the Tax Returns and other documents and shall provide such other Parties with the right for thirty (30) days after the tendering of such notice to copy or take possession of such Tax Returns and other documents. Any information obtained under this provision shall be kept confidential by the Parties, except as may be necessary in connection with the filing of such Tax Returns.

(iii) Nothing contained in this Section 7(d) shall be construed to require any Party to take any action, or omit to take any action, which would impair such Party's good faith compliance with applicable Tax laws and regulations. Any Party's right to approve a Tax Return shall not be withheld unless the approving Party shall have a good faith belief that the position proffered in such Tax Return both lacks substantial authority and, with respect to federal income Taxes, is not adequately disclosed with relevant facts with respect to the position.

(e) *Employee Matters.*

(i) On the Closing Date, except with respect to the Employment Agreements, the Parent shall cause the Buyer to continue to offer employment in a similar position to each employee of the Company and its Subsidiary who on the Closing Date is actively at work or absent from work due to short-term disability, maternity leave, jury duty, military service, vacation, layoff with recall rights, or other short-term leave (the *"Employees"*) at a rate of base compensation and commission structure equal to their base compensation and commission structure immediately prior to the Closing Date, *provided, however*, that, except for (i) the annual adjustments to base compensation made in the Ordinary Course of Business on the anniversary date of an Employee's date of employment with the Company as disclosed on Section 3(h) of the Company Disclosure Schedule, and (ii) with respect to certain of those Employees listed and as indicated on Section 3(h) of the Company Disclosure Schedule, those quarterly adjustments to base compensation made in the Ordinary Course of Business, the Parent and Buyer may, in their sole discretion, elect not to give effect to any change or adjustment in such base compensation and commission structure which took effect on or after May 31, 2000. The Parent shall also cause the Buyer to offer the Employees participation in the benefit plans and programs of the Parent set forth on Exhibit I attached hereto, and for a period of one (1) year following the Closing Date, shall offer Employees terminated without cause severance pay in an amount equal to one (1) week gross pay for each year of service with the Company and the Buyer, up to a maximum of twelve (12) weeks gross pay. For purposes hereof, one (1) week of "gross pay" shall mean 1/52 of an Employee's annual gross base pay at the time of termination plus an amount equal to 1/52 times the aggregate amount of commissions paid to such Employee by the Company during 1999. Except as otherwise set forth in the Employment Agreements and except as set forth on Section 7(e) of the Company Disclosure Schedule, each of the Employees shall be offered employment pursuant to this Section 7(e) on an at-will basis.

(ii) Parent agrees to allow any Employee with an outstanding loan under the Company Plan containing a Code Section 401(k) arrangement to request appropriate withholding from that Employee's wages paid by Buyer and, to the extent such requests are made, Buyer shall cause such payroll deductions to be delivered to the trustee of such Company Plan to continue repayments of amounts due under such outstanding loans until the termination of such Company Plan. In connection with the distribution of benefits following the termination of such Company Plan, Parent agrees to cause a Parent retirement plan containing a Code Section 401(k) arrangement to accept a direct rollover

of each such Employee's full account balance under such Company Plan, including any promissory note executed by such Employee pursuant to such Company Plan's participant loan program.

(f) *Hermetic Pump Business.*

(i) As security for the Company's obligations after Closing with respect to that portion of the Business dealing with the sale and distribution in North America of hermetic pumps and parts for the refrigeration industry manufactured by Hermetic-Pumpen GmbH (*"Hermetic"*), pump guardians, pump controls, pressure stats, orifice plates and assemblies manufactured by Company or third parties for sale in connection with such hermetic pumps and parts; and the repair of any of the foregoing (the *"Hermetic Pump Business"*), the Parties have agreed to deposit $1,120,000 of the Aggregate Consideration otherwise payable to the Shareholders with the Escrow Agent as set forth in Section 8(b)(v) below. For greater clarity, the Hermetic Pump Business shall only include any and all of those kinds of products, parts, items, and repairs that have been reported in the past on line item "Sales—Hermetic Cam Pumps" on the Company's internally generated monthly income statements entitled "Hansen U.S.A." To the extent that, during

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the twelve (12) month period following the Closing Date, the gross revenues of the Company as determined consistent with the Company's past practice (calculated at the conclusion of such twelve (12) month period) of the Hermetic Pump Business (the *"Hermetic Pump Revenues"*) are less than $1,120,000 the *"Adjusted Hermetic Pump Forecast"*), the Buyer shall be entitled to be reimbursed from the Escrow the difference between the Adjusted Hermetic Pump Forecast and the Hermetic Pump Revenues (the *"Hermetic Payment"*). Within thirty (30) days after the earlier of the date the Hermetic Pump Revenues exceed $1,120,000 or the twelve (12) month anniversary of the Closing Date, the Surviving Corporation shall submit an affidavit to the Shareholder Representative specifying in reasonable detail the Surviving Corporation's calculation of the Hermetic Pump Revenues. In the event that the Shareholder Representative shall disagree with the Surviving Corporation's determination of the Hermetic Pump Revenues, the Shareholder Representative shall provide the Surviving Corporation notice of such disagreement within thirty (30) days after receipt of such affidavit. Upon request by the Shareholder Representative at any time after receipt of the Surviving Corporation's affidavit, Parent shall and shall cause the Surviving Corporation to promptly make available in the Chicago, Illinois, metropolitan area to the Shareholder Representative and his accountants and other representatives the work papers used in determining the Surviving Corporation's calculation of the Hermetic Pump Revenues and such other documents as the Shareholder Representative may reasonably request in connection with his review thereof, as well as access by telephone or in person to the personnel that Parent or the Surviving Corporation employed to make such determination. If the Shareholder Representative does raise any objections, the Surviving Corporation and the Shareholder Representative shall use reasonable efforts to resolve any such disputes. If a final resolution is not obtained within thirty (30) days after the Shareholder Representative shall have submitted his objections to the Surviving Corporation, any remaining disputes shall be resolved in accordance with Section 10(p) below.

(ii) Within thirty (30) days after receipt of the Surviving Corporation's affidavit by the Shareholder Representative or resolution of any dispute with respect thereto, the Parties shall cause the Escrow Agent to distribute to the Surviving Corporation from the Escrow an amount equal to the Hermetic Payment set forth in such affidavit or an amount equal to the Hermetic Payment as determined after resolution of any such dispute, whichever may be applicable, and to distribute the difference between $1,120,000 and the Hermetic Payment to the Shareholder Representative. In the event of any such dispute, the Parties agree promptly to direct the Escrow Agent to distribute to the Party entitled thereto any undisputed portion of said $1,120,000.

(iii) The Surviving Corporation agrees that, solely as a condition to the Surviving Corporation's receipt of amounts under this Section 7(f), during the twelve (12) month period following the Closing Date, (A) it will satisfy all invoices with respect to the Hermetic Pump Business in a timely manner consistent with the past practices of the Business; (B) it will not increase prices for Hermetic Pump Business products sold to customers of the Company, in excess of the three percent (3%) price increase planned by the Company prior to the Closing Date with respect to such twelve (12) month period; (C) it will not and neither Parent nor any affiliate of Parent will, sell or distribute the products manufactured by Hermetic which are the subject of the Hermetic Pump Business outside of North America; (D) it will not, and neither Parent nor any affiliate of Parent will, introduce a new product or products, undertake any material marketing initiative with respect to any of its existing products, or acquire any product line, which results in an enhanced capacity to compete with the Hermetic Pump Business or Hermetic's other products anywhere where Hermetic conducts business, it being acknowledged that the continuation by the Parent or the Surviving Corporation of the sale of any of their existing products in the industry of the Hermetic Pump Business shall not be applicable or affected by this Section 7(f)(iii)(D); (E) it will not, and neither Parent nor any affiliate of Parent will, violate or modify or propose to modify the existing agreement between the Company and Hermetic; (F) it will complete and distribute in accordance with the Company's past practices the new marketing brochure being developed by the Company for the Hermetic Pump Business and will continue to expend resources to market and sell the product and services of the Hermetic Pump Business at a level at least equal to the Company's past practices; and (G) in the event it appears that the Hermetic Pump Revenues will be less than the Adjusted Hermetic Pump Forecast, the Surviving Corporation shall periodically consult in good faith with the Shareholder Representative as to how to remedy or prevent such potential shortfall.

(g) *Uncollected Accounts Receivable*.

(i) Solely as a condition to receipt by the Parent and Buyer of amounts under this Section 7(g), (A) Parent shall and shall cause Buyer to use efforts to collect all of the accounts receivable from customers reflected on the Closing Date Balance Sheet, which are at least comparable to those used by the Company in the Ordinary Course of Business (the *"Accounts Receivable"*); (B) Parent shall and shall cause Buyer to furnish the Shareholder Representative with all such records and other information as the Shareholder Representative may require to verify the amounts collected by Buyer with respect to the Accounts Receivable; (C) for the purpose of determining amounts collected by Buyer with respect to Accounts Receivable, (i) if a payment is specified by an account debtor as being in payment of a specific invoice of the Surviving Corporation, the payment shall be applied to that invoice, and (ii) in the absence of a bona fide dispute between an account debtor and the Surviving Corporation, all payments by an account debtor that are not specified as being in payment of a specific invoice shall first be applied to the oldest outstanding invoice due from that account debtor; and (D) Parent shall not and shall not permit the Surviving Corporation to compromise, settle or adjust the amount of any of the Accounts Receivable without the prior written consent of the Shareholder Representative, which shall not be unreasonably withheld, if such compromise, settlement or adjustment would be consistent with the Company's past practices.

(ii) Parent and Buyer covenant and agree that within thirty (30) days following the day which is two hundred seventy (270) days following the Closing Date, Parent and Buyer will provide the Stockholder Representative a schedule of those Accounts Receivable which remain uncollected as of the 270th day (the *"Accounts Receivable Schedule"*).

(iii) Within thirty (30) days following receipt of the Accounts Receivable Schedule, the Stockholders shall reimburse the Parent and the Buyer for the amount of such uncollected Accounts Receivable set forth therein, less the sum of (A) the amount of the Accounts Receivable Adjustments set forth on the Closing Date Balance Sheet and (B) an amount equal to the Receivables Threshold less the Company Reserve if the GAAP Reserve exceeds the Receivables Threshold on the Closing Date Balance Sheet. In the event that Parent and Buyer, subsequent to reimbursement from the Stockholders, collect any Stockholder-reimbursed Account Receivable, Parent and Buyer shall refund to the Stockholders that amount which was received from the Stockholders with respect to that Account Receivable. Notwithstanding the foregoing, the Parent and the Buyer may, but shall not be obligated to, submit a claim under the Escrow Agreement for all or part of the amount due to them under this Section 7(g).

(iv) To the extent that Parent or Buyer is paid by the Shareholders for any uncollected Accounts Receivable, concurrently with such payment the Surviving Corporation shall quitclaim and assign to the Shareholder Representative all such Accounts Receivable. All obligations of the Shareholders under this Section 7(g) shall be subject to the limitations set forth in Section 8(b)(i)(B) as if such uncollected Accounts Receivable constituted a breach of the Company's representations and warranties in Section 3(q).

8. REMEDIES FOR BREACHES OF THIS AGREEMENT.

(a) *Survival of Representations and Warranties.*

All of the representations and warranties of the Company contained in that portion of Section 3(a) with respect to qualification to conduct business in each jurisdiction where qualification is required, Section 3(c)(ii), Section 3(d), Section 3(e), Section 3(g)-Section 3(bb), except Section 3(k) and Section 3(y), of this Agreement and of the Parent and the Buyer contained in Sections 4(d), 4(e) and 4(f) of this Agreement shall survive the Closing and continue in full force and effect for a period of one (1) year thereafter; the representation and warranties contained in Section 3(k) and Section 3(y) shall survive the Closing and continue in full force and effect with respect to federal income Tax matters for a period of three (3) years from the date the federal income Tax Return of the Company and its Subsidiary for the stub period ending on the Closing Date was filed, and with respect to all other Tax Returns or Taxes, until the expiration of the earliest statute of limitations applicable to the Tax for which such representation or warranty is made with respect to the Tax Returns of the Company and its Subsidiary; and all of the other representations, warranties, covenants, indemnities, and other agreements of the Parent, the Buyer and the Shareholders contained in this Agreement (including the representations and warranties contained in Section 3(a) (except for that portion of Section 3(a) with respect to qualification to conduct business in each jurisdiction where qualification is required), Section 3(b), Section 3(c) (except for Section 3(c)(ii)), and Section 3(f), and Section 4(a)-Section 4(c)) shall survive the Closing and continue in full force and effect forever thereafter, subject to any applicable statutes of limitations. Further, the Parent and the Buyer shall be entitled to be indemnified with respect to the representations and warranties set forth in Section 3(k) and Section 3(y) without regard to any limitation, disclosure, or exception set forth in the Company Disclosure Schedule, or any other certificate, agreement, or other document delivered in connection with the transactions contemplated by this Agreement. No action, claim, or proceeding may be brought by any Party hereto against any other Party resulting from, arising out of, or caused by a breach of a representation or warranty contained herein, or the failure to perform any covenant or other obligations hereunder, after the time such representation, warranty or covenant ceases to survive pursuant to the preceding sentence, unless written notice of such claim setting forth with specificity the basis for such claim is delivered to the applicable Party prior to such time.

(b) *Indemnification Provisions for Benefit of the Parent and the Surviving Corporation.*

(i) In the event the Company breaches any of its representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to Section 8(a) above, provided that either the Parent or the Surviving Corporation makes a written claim for indemnification setting forth with specificity the basis for such claim against the Shareholders pursuant to Section 10(g) below within such survival period, then the Shareholders agree to defend, indemnify and hold harmless the Parent and the Surviving Corporation, subject to the limitations set forth herein, from and against any Adverse Consequences the Parent or the Surviving Corporation may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Parent or the Surviving Corporation may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach; *provided, however*, that:

(A) the Shareholders shall not have any obligation to indemnify the Parent or the Surviving Corporation from and against any Adverse Consequences resulting from, arising out of, or caused by the breach of any representation, warranty or covenant contained in that portion of Section 3(a) with respect to qualification to conduct business in each jurisdiction where qualification is required, Section 3(c)(ii), Section 3(d), Section 3(e), and Sections 3(g)-3(bb) of the Agreement which exceed twenty-five percent (25%) of the Aggregate Consideration. No such restriction shall be applicable to the representations and warranties as contained in Section 3(a) (except for that portion of Section 3(a) with respect to qualification to conduct business in each jurisdiction where qualification is required), Section 3(b), Section 3(c) (except for Section 3(c)(ii)), Section 3(f), Section 3(k), and Section 3(y). Notwithstanding any other provision contained in this Agreement, no Shareholder shall have any obligation to indemnify the Parent or the Surviving Corporation for any Adverse Consequences which exceed such Shareholder's *pro rata* portion of the Aggregate Consideration.; and

(B) the Shareholders shall have no such indemnification obligation with respect to such breaches contained in that portion of Section 3(a) with respect to qualification to conduct business in each jurisdiction where qualification is required, Section 3(c)(ii), Section 3(d), Section 3(e), and Section 3(g)-3(bb) of the Agreement, except Section 3(k) and Section 3(y), until the Parent or the Surviving Corporation has suffered Adverse Consequences by

reason thereof in excess of Three Hundred Thirty-Five Thousand Dollars ($335,000) and, in such event, the Shareholders shall be liable only for the amount of such Adverse Consequences in excess of $335,000. No such restriction shall be applicable to the representations and warranties as contained in Section 3(a) (except for that portion of Section 3(a) with respect to qualification to conduct business in each jurisdiction where qualification is required), Section 3(b), Section 3(c) (except for Section 3(c)(ii)), Section 3(f), Section 3(k), and Section 3(y).

(C) with respect to the indemnification obligation of the Shareholders to the Parent and the Surviving Corporation for Adverse Consequences resulting from, arising out of, or caused by the breach of the representations and warranties contained in Section 3(w) of this Agreement, such indemnification obligation shall be reduced to the extent that the deductible or reserve with respect to the product liability insurance policy maintained by the Parent or the Surviving Corporation subsequent to Closing is greater than the deductible or reserve with respect to the product liability insurance policy maintained by the Company as of the Closing Date.

(ii) Notwithstanding anything to the contrary contained herein, (i) the Shareholders will indemnify, defend and hold harmless Parent and the Surviving Corporation from and against any Adverse Consequences as a result of claims based on or arising from the exercise (or threatened exercise) by any Shareholder of any dissenter's rights under the Illinois Act, and (ii) such indemnification shall not be limited in time or amount or subject to any deductible or cap.

(iii) Notwithstanding anything to the contrary herein contained, (i) the Stockholders will indemnify, defend and hold harmless Parent and the Buyer from and against any Adverse Consequences as a result of the failure of the Company to make the Form 5500 filings for the Company Plans identified in Schedule 3(y)(viii)(C) of the Company Disclosure Schedule, and (ii) such indemnification shall be limited in the same manner as the indemnification obligations for Section 3(y), except that the survival period for such indemnification shall be limited to the applicable statute of limitations with respect to such Form 5500 filings for the Company Plans identified in Schedule 3(y)(viii)(C) of the Company Disclosure Schedule.

(iv) Notwithstanding anything to the contrary herein contained (other than the provisions contained in Section 8(b)(iii) above), (i) the Stockholders will indemnify, defend and hold harmless Parent and the Surviving Corporation from and against any Adverse Consequences as a result of the failure of the Company and its Subsidiary to make any appropriate Tax filing in any jurisdiction, and (ii) such indemnification shall be limited in the same manner as the indemnification obligations for Section 3(k).

(v) As security for the indemnification obligations of Shareholders under this Agreement, (A) the Shareholders and the Parties shall enter into the Indemnification and Release Agreement as of the Closing Date, and (B) the Parties and the Shareholder Representative shall enter into the Escrow Agreement as of the Closing Date. The Escrow Agreement shall be funded with Five Million Six Hundred Twenty Thousand Dollars ($5,620,000) of the Aggregate Consideration otherwise payable to the Shareholders, with respect to the indemnification obligations arising under the representations, warranties, and covenants contained in this Agreement. The amounts held in the Escrow Agreement shall be disbursed from the Escrow, unless at the time of such disbursement there are bona fide claims, which have been properly asserted in accordance with this Section 8 and which in the aggregate exceed the remaining amount in the Escrow (inclusive of that distribution), as follows: (1) One Million One Hundred Twenty Thousand Dollars ($1,120,000) shall be disbursed from the Escrow in accordance with the provisions of Section 7(f) above; (2) One Million Dollars ($1,000,000) shall be disbursed from the Escrow on the first (1st) anniversary of the Closing Date; (3) One Million Dollars ($1,000,000) shall be disbursed from the Escrow on the date which is the first (1st) anniversary of the date on which the Company's federal income Tax Return for the 1998 Tax year was filed; (4) One Million Dollars ($1,000,000) shall be disbursed from the Escrow on the date which is the first (1st) anniversary of the date on which the Company's federal income Tax Return for the 1999 Tax year was filed; and (5) the remaining balance of the Escrow shall be disbursed from the Escrow on the date which is the expiration of the survival period set forth in Section 8(a) above with respect to the obligations of the Shareholders for indemnification obligations with respect to the federal income Tax Return filed for the stub period ending on the Closing Date. Upon the request of any Party, each other Party (for purposes of this sentence the term "Party" shall be deemed to include the Shareholders) agrees to execute and deliver all such documents as may be necessary or desirable to effectuate any such distribution in a timely manner. Except as provided below, amounts held under the Escrow Agreement shall be a nonexclusive source of indemnification for any representations, warranties, or covenants under this Agreement, and shall not otherwise limit the liability of the Shareholders with respect to indemnification under this Agreement; provided that for claims asserted prior to the first anniversary of the Closing Date, to the extent that the aggregate of all Claims for indemnification do not exceed $1,000,000, Parent and Buyer shall seek to recover such Claim(s) first from the Escrow.

(c) *Indemnification Provisions for Benefit of the Shareholders.*

In the event Parent or Buyer breaches any of their representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to Section 8(a) above, provided that the Shareholder Representative makes a written claim for indemnification setting forth with specificity the basis for such claim against Parent or the Surviving Corporation pursuant to Section 10(g) below within such survival period, then Parent and the Surviving Corporation, jointly and severally, agree to defend, indemnify and hold harmless the Shareholders from and against the entirety of any Adverse Consequences (up to but not in excess of the Aggregate Consideration), the Shareholders may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Shareholders may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach. The foregoing limitation shall not apply to a failure to pay any of the Aggregate Consideration.

(d) *Matters Involving Third Parties.*

(i) If any third party shall notify any Party (for purposes hereof the term "Party" shall be deemed to include the Shareholders) (the *"Indemnified Party"*) with respect to any matter (a *"Third Party Claim"*) which may give rise to a claim for indemnification against any other Party (the *"Indemnifying Party"*) under this Section 8, then the Indemnified Party shall promptly (but in no event more than fifteen (15) days after the Indemnified Party receives notice of such Third Party Claim) notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(ii) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice satisfactory to the Indemnified Party (and Parent and Buyer hereby acknowledge that Vedder, Price, Kaufman & Kammholz is satisfactory) so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within thirty (30) days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will assume and control the defense, and (B) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(iii) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 8(d)(ii) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) neither the Indemnifying Party nor the Indemnified Party will consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the other Party (which consent of the other Party shall not be unreasonably withheld or delayed).

(iv) In the event any of the conditions in 8(d)(ii) above is or becomes unsatisfied, however, (A) after written notice to the Indemnifying Party in the event the conditions in Section 8(d)(ii) become unsatisfied and are not cured within thirty (30) days after such notice, the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), and (B) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting, arising out of, relating to, or caused by the Third Party Claim to the fullest extent provided in this Section 8.

(e) *Compromise.*

If an offer of settlement or compromise for monetary damages (the *"Proposed Settlement Amount"*) is received by or communicated to the Indemnifying Party with respect to a Third Party Claim and the Indemnifying Party notifies the Indemnified Party in writing of the Indemnifying Party's willingness to settle or compromise such Third Party Claim for the Proposed Settlement Amount and the Indemnified Party fails to consent to the Proposed Settlement Amount, the Indemnified Party shall, at its own expense, assume the contest of such Third Party Proceeding. If the Indemnified Party fails to consent to the Proposed Settlement Amount and the amount the Indemnified Party is obligated to pay (the *"Actual Settlement Amount"*) as a result of such Third Party Claim and the Indemnified Party continuing to contest such Third Party Claim is greater than the Proposed Settlement Amount, then the Indemnifying Party shall be obligated to indemnify the Indemnified Party only for the Proposed Settlement Amount, subject to the other limitations of this Section 8.

(f) *Joint Defense.*

If a Third Party Claim is asserted that seeks material injunctive relief or equitable relief against the Indemnified Party and the Indemnifying Party elects to assume the defense thereof pursuant to Section 8(d)(ii), then in any such case the Indemnified Party may elect, by giving written notice thereof to the Indemnifying Party within ten (10) days after the Indemnifying Party gives notice to the Indemnified Party of the Indemnifying Party's election to assume the defense of such Third Party Claim, to participate in a joint defense of such Third Party Claim (a *"Joint Defense Proceeding"*) for which the reasonable expenses of such joint defense shall be shared equally by such Parties and the employment of counsel shall be reasonably satisfactory to both Parties. The Indemnifying Party shall not be liable for any settlement of any Joint Defense Proceeding, which settlement is effected without the written consent of the Indemnifying Party; provided, that no settlement of a Joint Defense Proceeding may be effected without the written consent of both Parties which shall not be unreasonably withheld or delayed.

(g) *Cooperation.*

If requested by the Indemnifying Party, the Indemnified Party shall, at the expense of the Indemnifying Party, reasonably cooperate in the defense of any Third Party Claim, for which such Indemnifying Party is being called upon to indemnify the Indemnified Party pursuant to this Section 8, and the Indemnified Party shall furnish such records, information and testimony and attend all such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith and, if appropriate, the Indemnified Party shall make any reasonable counterclaim against any Person asserting such Third Party Claim, or any reasonable cross-complaint against any Person in connection therewith, and the Indemnified Party further agrees to take such other reasonable actions requested by any Indemnifying Party to reduce or eliminate any Adverse Consequences for which any Indemnifying Party would have responsibility.

(h) *Determination of Adverse Consequences.*

In determining Adverse Consequences for purposes of this Section 8, the Parties shall take into account any insurance proceeds either received or actually collectible by the Parent, Buyer or the Surviving Corporation. If any Indemnifying Part pays to the Indemnified Party any amount under this Section 8 and the Indemnified Party subsequently recovers under any insurance policy any sum in respect of any matter giving rise to the relevant claim for Adverse Consequences, the Indemnified Party shall repay to the Indemnifying Party the lesser of (A) the amount paid by the Indemnifying Party to the Indemnified Party or (B) the sum recovered from such insurance policy. All indemnification payments under this Section 8 shall be deemed adjustments to the Aggregate Consideration.

(i) *Post-Closing.*

Following the Closing, the remedy of the Shareholders, on the one hand, and Parent and the Surviving Corporation on the other hand, with respect to any breach or threatened breach of a representation, warranty or covenant contained herein or with respect to any event, circumstance or condition occurring on or before the Closing shall be limited to the enforcement of the indemnification obligations set forth in Section 8; *provided, however,* that nothing provided in this Section 8(i) shall limit the right of any Party to seek any equitable remedy available to enforce his or its rights under any covenant in this Agreement in accordance with Section 10(n).

9. TERMINATION.

(a) *Termination Events.*

This Agreement may, by notice given prior to or at the Closing, be terminated:

(i) By either (i) Parent or Buyer or (ii) Company, if a material breach of any provision of this Agreement has been willfully committed by the other Parties and such material breach has not been waived or cured within fifteen (15) days of such material breach, and the terminating Party is not in breach of any provision of this Agreement;

(ii) By either (i) Parent or Buyer, or (ii) Company, if the Closing has not occurred (other than through the failure of the Party seeking to terminate this Agreement to comply fully with its obligations

under this Agreement) on or before September 15, 2000, or such later date as the Parties may agree upon;

(iii) By Parent or Buyer under the circumstances described in Section 6(f); or

(iv) By mutual consent of the Parties.

(b) *Effect of Termination.*

If this Agreement is terminated pursuant to Section 6(f) or 9(a), all further obligations of the Parties under this Agreement will terminate, except the obligations in Sections 10(a), 10(h), 10(k), 10(n), 10(o), and 10(p), and except for the terms and conditions of the Confidentiality Agreement; *provided, however,* that if this Agreement is terminated by a Party as a result of the other Party's fraud, or willful or intentional breach of its representations, warranties or obligations hereunder, the terminating Party shall have the right to pursue all remedies available to it at law or in equity.

10. MISCELLANEOUS.

(a) *Press Releases and Public Announcements.*

Neither the Company, its Subsidiary, nor the Shareholders shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the Parent. Prior to Closing, Parent, upon prior notice to the Company, and upon granting the Company a reasonable opportunity to discuss its contents, may make any public disclosure it believes in good faith is required or permitted by applicable law or any listing or trading agreement concerning its publicly-traded securities. After Closing, Parent may make any public disclosure it believes in good faith is required or permitted by applicable law or any listing or trading agreement concerning its publicly-traded securities.

(b) *No Third-Party Beneficiaries.*

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns, except that the Shareholder Representative and the Shareholders shall be third party beneficiaries under this Agreement.

(c) *Entire Agreement.*

This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof. Notwithstanding the foregoing, the Parties acknowledge that they are bound by the terms of that certain Confidentiality Agreement dated September 30, 1999 (the *"Confidentiality Agreement"*), and acknowledge further that from the date of this Agreement through the Closing Date, to the extent that there is a conflict between the terms of the Confidentiality Agreement and the provisions of this Agreement, the Confidentiality Agreement shall control.

(d) *Succession and Assignment.*

This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of each other Party; provided, however, that either the Parent or the Buyer may (i) assign any or all of its rights and interests hereunder to one or more of its affiliates and (ii) designate one or more of its affiliates to perform its obligations hereunder (in any or all of which cases the assigning Party nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(e) *Counterparts.*

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

(f) *Headings.*

The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) *Notices.*

All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Buyer or the Company:

A. Donald O'Steen
FLD Acquisition Subsidiary, Inc.
c/o Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Copy to:
Thomas R. McNeill
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, NE, 16th Floor
Atlanta, GA 30303
Facsimile: (404) 572-6999

If to the Shareholders:

Charles C. Hansen III
516 West North Street
Hinsdale, IL 60521

Copy to:
Dalius F. Vasys
Vedder, Price, Kaufman & Kammholz
222 North La Salle Street
Chicago, Illinois 60601
Facsimile: (312) 609-9005

If to the Parent:

A. Donald O'Steen
Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Copy to:
Shanler D. Cronk, Esq.
Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Facsimile: (706) 353-6496

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(h) *Governing Law.*

This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

(i) *Amendments and Waivers.*

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) *Severability.*

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(k) *Expenses.*

Parent and Buyer will bear their own costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. The Company shall bear (i) the costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses) of the Company and its Subsidiary, and (ii) the costs and expenses (including but not limited to financial, advisory, accounting, legal, and environmental fees and expenses) of the Shareholders, incurred in connection with this Agreement and the transactions contemplated hereby; *provided*, *that*, all such costs are paid prior to the Closing Date or otherwise reflected on the Closing Date Balance Sheet.

(l) *Construction.*

Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

(m) *Incorporation of Exhibits and Schedules.*

The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(n) *Specific Performance*.

Subject to the provisions set forth in Section 8, each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having, in accordance with the terms of this Agreement, jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

(o) *Submission to Jurisdiction.*

Each of the Parties submits to the jurisdiction of any state or federal court sitting in the State of Illinois in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Parent and Buyer appoint The Prentice-Hall Corporation System, Inc. as their agent to receive on is or its behalf service of copies of the summons and complaint and any other process that might be served in the action or proceeding. The Shareholders appoint the Shareholder Representative as his, her, or its agent to receive on his, her, or its behalf service of copies of the summons and complaint and any other process that might be served in the action or proceeding (the Prentice-Hall Corporation System, Inc. and the Shareholder Representative are referred to together in this Section 10(o) as the *"Process Agent"*). Any Party may make service on any other Party by sending or delivering a copy of the process (i) to the Party to be served at the address and in the manner provided for the giving of notices in Section 10(g) above or (ii) to the Party to be served in care of the Process Agent at the address and in the manner provided for the giving of notices in Section 10(g) above. Each Party agrees that a final nonappealable judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

(p) *Arbitration.*

Except as otherwise set forth in this Agreement, all disputes arising out of or under this Agreement shall be settled by arbitration in a location in the State of Illinois pursuant to the rules of the American Arbitration Association. Arbitration may be commenced at any time by any of the Parties by giving written notice to each other than such dispute has been referred to arbitration under this Section 10(p). The arbitrator shall be selected by the joint agreement of the Parties, but if they do not so agree within thirty (30) days after the date of receipt of the notice referred to above, each Party within fifteen (15) days thereafter shall select one arbitrator; if, however, a Party fails to select an arbitrator within such fifteen (15) day period, such arbitrator shall be selected by the American Arbitration Association. The third arbitrator shall be selected by agreement of the first two selected arbitrators, and if they fail to agree upon the third arbitrator, the third arbitrator shall be selected pursuant to the rules from the panels of arbitrators maintained by the American Arbitration Association. Any award rendered by the arbitrator if there is one or by a majority if there are three, shall be conclusive and binding upon the Parties hereto; provided, however, that any such award shall be accompanied by a written opinion of the arbitrator(s) giving the reason for the award. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the arbitrator(s) in accordance herewith shall be final and binding and there shall be no right of appeal therefrom. The arbitrator(s) shall assess, as part of his (their) award to the prevailing Party, all or such part as the arbitrator(s) deems proper of

the arbitration expenses of the prevailing Party (including reasonable attorneys' fees) and of the arbitrator(s) against the Party that is unsuccessful in such claim, defense or objection.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

BUYER:

FLD Acquisition Subsidiary, Inc.

By: _____
Name:_____
Title :_____

PARENT:

Roper Industries, Inc.

By: _____
Name:_____
Title :_____

COMPANY:

Hansen Technologies Corporation

By: _____
Name:_____
Title :_____

Exhibit 21

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION/ORGANIZATION
Abel Equipos, S.A.	Spain
Abel Pumps, L.P.	Delaware
Abel Pumpen GmbH	Germany
Abel GmbH & Co KG	Germany
Acton Research Corporation	Delaware
Amot Controls Corporation	Delaware
Amot Controls Ltd.	United Kingdom
Amot Controls, S.A.	Switzerland
Amot/Metrix Investment Company	Delaware
Amot Sales Corporation	Delaware
Amot Controls GmbH	Germany
Antek Instruments, L.P.	Delaware
Antek Instruments GmbH	Germany
Compressor Controls B.V.	Netherlands
Compressor Controls Corporation S.r.l.	Italy
Compressor Controls Corporation (an Iowa Corp)	Iowa
Compressor Controls Corporation (a Delaware Corporation) d/b/a in Iowa as Compressor Controls - CIS/EE)	Delaware
Cornell Pump Company	Delaware
Cornell Pump Manufacturing Corporation	Delaware
Cybor Corporation	California
Fluid Metering, Inc.	Delaware
FTI Flow Technology, Inc.	Delaware
Gatan International, Inc.	Pennsylvania
Gatan, Inc.	Pennsylvania
Gatan Service Corporation	Pennsylvania
Gatan Limited	United Kingdom
Gatan GmbH	Germany
Hansen Technologies Corporation	Illinois
Hansen Technologies Ltd.	United Kingdom
Herzog-ISL SNC	France
Integrated Designs L.P.	Delaware
ISL Holdings, S.A.	France
ISL International, Inc.	Delaware
ISL Scientifique de Laboratoire - ISL, S.A.	France
Metrix Instrument Co., L.P.	Delaware
Molecular Imaging Corporation	Arizona
Nippon Roper K.K.	Japan
PAC GmbH	Germany
Petrotech, Inc.	Delaware
Petrotech International, Inc.	Louisiana
Petrotech Batam	Indonesia
Petroleum Analyzer Company LP	Delaware
Princeton Instruments Limited	United Kingdom
Princeton Instruments SARL	France
Redlake Imaging Corporation	Delaware
Roper Capital Deutschland GmbH	Germany
Roper Fundings KG	Germany
Roper Industries Deutschland GmbH	Germany
Roper Holdings, Inc.	Delaware
Roper Industrial Products Investment Company	Iowa
Roper Industries (Europe) Limited	United Kingdom
Roper Industries Limited	United Kingdom
Roper International, Inc.	Delaware
Roper International Products, LTD	Virgin Islands
Roper Pump Company	Delaware
Roper Scientific B.V.	Netherlands
Roper Scientific MASD, Inc.	Delaware
Roper Scientific, Inc.	Delaware
Roper Scientific GmbH	Germany
Turbocontroles de Venezuela	Venezuela
Uson L.P.	Delaware
Walter Herzog GmbH	Germany

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors
Roper Industries, Inc.:

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K into the Company's previously filed Registration Statements No.'s 33-71094, 33-77770, 33-78026, 333-36897, 333-73139, 333-35672, 333-35666, and 333-35648

ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 26, 2001

Exhibit 23.2

INDEPENDENT AUDITORS'CONSENT

The Board of Directors
Roper Industries, Inc.

We consent to incorporation by reference in the registration statements No.'s 33-71094, 33-77770, 33-78026, 333-36897, 333-73139, 333-35672, 333-35666 and 333-35648 on Form S-8 of Roper Industries, Inc. of our report dated December 4, 1998 relating to the consolidated statements of earnings, stockholders'equity and comprehensive earnings, and cash flows of Roper Industries, Inc. and subsidiaries for the year ended October 31, 1998, and the related schedule for the year ended October 31, 1998, which report appears in the October 31, 2000 Annual Report on Form 10-K of Roper Industries, Inc.

KPMG LLP

Atlanta, Georgia
January 26, 2001