

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

TOTAL CONTROL PRODUCTS INC

CIK: **916502** | IRS No.: **363209178** | State of Incorporation: **IL** | Fiscal Year End: **0331**
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Business Address
2001 N JANICE
MELROSE PARK IL 60160
7083455500

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities and Exchange Act of 1934

Date of Report (Date of earliest event reported): December 31, 1997

Total Control Products, Inc.

(Exact name of registrant as specified in its charter)

Illinois

(State or other jurisdiction
of incorporation)

333-18539

(Commission
File number)

36-3209178

(I.R.S. Employer
Identification No.)

2001 North Janice Avenue
Melrose Park, Illinois

(Address of principal executive offices)

60160

(Zip Code)

Registrant's telephone number, including area code: (708) 345-5500

Former name or former address, if changed since last report

Item 5. OTHER EVENTS.

On December 31, 1997, SPC Acquisition, Inc. ("Purchaser"), a wholly owned subsidiary of Total Control Products, Inc. (the "Registrant"), acquired substantially all of the assets of SensorPulse Corp., a Massachusetts corporation ("Sensor"), pursuant to the terms of an Asset Purchase Agreement among Sensor, Kevin Roach, Charles Harlfinger, Purchaser and Registrant. Subject to certain adjustments, the consideration paid by Purchaser consisted of 41,667 shares of common stock, no par value per share, of the Registrant, approximately \$1.25 million in cash and a four year earn out based upon income growth in the business conducted by Sensor prior to the closing.

A copy of the press release of the Registrant, dated January 2, 1998, is attached hereto as Exhibit 10.2 and is hereby incorporated by reference.

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits

10.1 Asset Purchase Agreement dated December 31, 1997 by and among the Registrant, SensorPulse Corp., Kevin Roach, Charles Harlfinger and SPC Acquisition, Inc.

10.2 Press Release dated January 2, 1998.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: January 10, 1998

TOTAL CONTROL PRODUCTS, INC.

By: /s/Nic Gihl

Name: Nic Gihl

Title: President, Chief Executive Officer
and Chairman

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Exhibit Number -----	Description of Document -----
10.1	Asset Purchase Agreement dated December 31, 1997 by and among the Registrant, SensorPulse Corp., Kevin Roach, Charles Harlfinger and SPC Acquisition, Inc.
10.2	Press Release dated January 2, 1998.

EXHIBIT 10.1
Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made effective as of December 31, 1997, by and among Kevin Roach ("Roach"), Charles Harlfinger ("Harlfinger"), SensorPulse Corp., a Massachusetts corporation ("Sensor"), Total Control Products, Inc., an Illinois corporation ("TCP"), and SPC Acquisition, Inc., an Illinois corporation and the wholly-owned subsidiary of TCP ("Purchaser"). Roach, Harlfinger and Sensor are collectively referred to herein as the "Contract Parties".

R E C I T A L S

A. Sensor is in the business of designing and developing industrial signal conditioning products and networked input/output (I/O) devices. The business of Sensor is referred to herein as the "Business".

B. Sensor desires to sell to Purchaser, and Purchaser desires to purchase from Sensor, substantially all of Sensor's assets, all on the terms contained in this Agreement.

A G R E E M E N T S

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS

1.1 AGREEMENT TO PURCHASE AND SELL. On the terms contained in this Agreement, Purchaser hereby purchases from Sensor, and Sensor hereby sells to Purchaser, all of Sensor's assets, properties, rights and business as a going concern as of the date hereof, of whatever kind or nature and wherever situated and located and whether reflected on Sensor's books and records or previously written-off or otherwise not shown on Sensor's books and records (other than the items set forth in Section 1.3 (the "Excluded Assets")). All of said assets, properties, rights and business (other than the Excluded Assets) are collectively referred to in this Agreement as the "Purchased Assets". All of the Purchased Assets shall be sold to Purchaser free and clear of all liens, title claims, encumbrances or security interests ("Claims").

1.2 ENUMERATION OF PURCHASED ASSETS. The Purchased Assets include,

without limitation, the following items of Sensor:

(a) all trade accounts receivable, notes receivable, negotiable instruments and chattel paper (collectively, the "Accounts Receivable");

(b) all deposits and rights with respect thereto;

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(c) all inventory (including, without limitation, raw materials, work in process, finished goods, service parts and supplies), including, without limitation, supplies and parts which have historically been expensed or have not been valued on Sensor's books and records (collectively, the "Inventory");

(d) all furniture, art work, fixtures, equipment (including office equipment), machinery, parts, computer hardware, tools, dies, jigs, patterns, molds, automobiles and trucks and all other tangible personal property (other than the Inventory), including, without limitation, any of the foregoing which has been fully depreciated and including the equipment listed on EXHIBIT A attached hereto (collectively, the "Equipment");

(e) the contracts, claims and rights (and benefits arising therefrom) listed on EXHIBIT B attached hereto;

(f) all sales orders and sales contracts, purchase orders and purchase contracts, quotations and bids;

(g) Sensor's entire leasehold interest as lessee of that certain real property commonly known as 117 Eastman Street, South Easton, Massachusetts 02375;

(h) all intellectual property rights, including, without limitation, patents and applications therefor, know-how, unpatented inventions, trade secrets, secret formulas, business and marketing plans, copyrights and applications therefor, trademarks and applications therefor, service marks and applications therefor, trade names and applications therefor, trade dress, and names and slogans used by Sensor (including, without limitation, the name "SensorPulse"), and all goodwill and royalties associated with such intellectual property rights;

(i) all customer lists, customer records and information;

(j) certain books and records, including, without limitation, blueprints, drawings and other technical papers, accounts receivable and payable, inventory, maintenance, and asset history records and certain ledgers;

(k) all insurance policies and rights thereunder;

(l) all rights in connection with prepaid expenses with respect to the assets being sold hereunder;

(m) all letters of credit issued to Sensor;

(n) all computer software, including all documentation and source codes with respect to such software and licenses and leases of software;

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(o) all sales and promotional materials, catalogues and advertising literature; and

(p) all telephone numbers of Sensor and all lock boxes to which Sensor's account debtors remit payments.

1.3 EXCLUDED ASSETS. The Excluded Assets shall consist of the following:

(a) all cash on hand and in banks, cash equivalents and investments;

(b) claims (and benefits to the extent they arise therefrom) and litigation against third parties to the extent such claims and litigation are not in any way related to the Purchased Assets or the Assumed Liabilities (as herein defined), and claims (and benefits to the extent they arise therefrom) that relate to Excluded Liabilities (as herein defined);

(c) rights arising from prepaid expenses, if any, with respect to the Excluded Assets;

(d) Sensor's rights under this Agreement;

(e) Sensor's accounting and tax records, books of original entry, corporate charters, minute and stock record books, and corporate seals; and

(f) all contracts, claims and rights (and benefits arising therefrom) binding on Sensor other than (i) those contracts, claims and rights listed on EXHIBIT B attached hereto; and (ii) all sales orders and sales contracts, purchase orders and purchase contracts, quotations and bids binding on Sensor.

ARTICLE II

ASSUMPTION OF LIABILITIES

2.1 AGREEMENT TO ASSUME. Purchaser agrees to assume and agrees to discharge and perform when due, the liabilities of Sensor (and only those liabilities of Sensor) which are specifically enumerated in Section 2.2 (the

"Assumed Liabilities"). All claims against and liabilities and obligations of Sensor not specifically assumed by Purchaser pursuant to Section 2.2, including, without limitation, the liabilities enumerated in Section 2.3, are collectively referred to herein as the "Excluded Liabilities." The Contract Parties jointly and severally agree to promptly pay and discharge when due all of the Excluded Liabilities.

2.2 DESCRIPTION OF ASSUMED LIABILITIES. The Assumed Liabilities shall consist of the following, and only the following, liabilities of Sensor:

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(a) trade accounts payable for Inventory purchases as of the date hereof, marketing accruals as of the date hereof, such as advertising and trade show expenses, facility related expenses as of the date hereof, such as utilities, telephone, repairs, maintenance and like items, in each case, to the extent, and only to the extent, set forth on the Closing Balance Sheet (as defined herein);

(b) liabilities of Sensor under any written purchase order and sales order and the agreements or commitments listed on EXHIBIT B attached hereto, to the extent such liabilities relate to performance after the date hereof; and

(c) liabilities of Sensor under any Permits (as defined herein) and Environmental Permits (as defined herein) which were issued to Sensor in the ordinary course of business prior to the date hereof and which are assigned or transferred to Purchaser pursuant to the provisions hereof, to the extent such liabilities relate to performance after the date hereof.

2.3 EXCLUDED LIABILITIES. Notwithstanding Section 2.2 (and without implication that Purchaser is assuming any liability not expressly excluded by this Section 2.3 and, where applicable, without implication that any of the following would constitute Assumed Liabilities but for the provisions of this Section 2.3), all liabilities and obligations of Sensor, other than those listed in Section 2.2 hereof, shall remain the obligations and liabilities of Sensor and shall not be assumed by Purchaser; such liabilities and obligations include, without limitation, all trade account payables and accrued and unpaid expenses not listed on the Closing Balance Sheet, accounts payable, expenses incurred by Sensor in connection with the transactions contemplated hereby (including legal, accounting and investment banking expenses), bank indebtedness or indebtedness for borrowed money, accrued wages, accrued vacation, payroll and withholding tax liability, contingent liabilities, all liabilities, whether actual or contingent, associated with Employee Benefits, as that term is defined in Section 5.23, whether owed to beneficiaries, benefit providers, plans or trusts, governmental regulations or any other party, liabilities under agreements not assumed by Purchaser, claims relating to returns of product which were sold by Sensor prior to the date hereof or which constituted finished goods inventory of

Sensor on the date hereof, environmental liabilities, liabilities owed to employees, Tax (as defined herein) liabilities, liabilities to any affiliate of the Contract Parties, any liabilities incurred to the U.S. Government for price adjustments, any liabilities arising out of or in connection with any violation of a statute or governmental rule, regulation or directive, and any other liabilities of Sensor.

2.4 NO EXPANSION OF THIRD PARTY RIGHTS. The assumption by Purchaser of the Assumed Liabilities shall not expand the rights or remedies of any third party against Purchaser or Sensor as compared to the rights and remedies which such third party would have had against Sensor had Purchaser not assumed the Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Purchaser of the Assumed Liabilities shall not create any third party beneficiary rights.

ARTICLE III

PURCHASE PRICE AND MANNER OF PAYMENT

3.1 PURCHASE PRICE. Subject to the adjustment set forth in Section 3.2 herein, the "Purchase Price" of the Purchased Assets shall be equal to the sum of (i) \$1,250,000 in cash payable at Closing (the "Cash Portion"); (ii) 41,667 shares of common stock ("TCP Common Stock"), no par value per share (the "Share Portion"), of TCP, to be issued to Sensor at the Closing; and (iii) the Contingent Consideration (as defined herein) to be paid to Sensor pursuant to this Article III.

3.2 ADJUSTMENT TO THE PURCHASE PRICE. The Purchase Price shall be reduced by the amount by which \$550,000 exceeds the Net Book Value. The Net Book Value shall be the amount by which the aggregate book amount of the Purchased Assets exceeds the aggregate book amount of the Assumed Liabilities, all as determined in accordance with this Article III and as shown on the Closing Balance Sheet.

3.3 MANNER OF PAYMENT OF THE PURCHASE PRICE. At the Closing, (a) Purchaser shall assume the Assumed Liabilities; (b) Purchaser shall pay \$1,250,000 to Sensor by wire transfer to the account designated by the Contract Parties; and (c) Purchaser shall cause TCP to issue and deliver certificates representing 41,667 shares of TCP Common Stock to Sensor as payment for the Stock Portion. Following the Closing, the parties shall determine the Net Book Value, taking into account the adjustments required pursuant to Section 3.2 and employing the procedures and criteria set forth in Sections 3.4 and 3.5. If the Net Book Value, as finally determined, is less than \$550,000, the Contract Parties shall, jointly and severally, forthwith pay such deficiency to Purchaser, 28.6% in shares of TCP Common Stock (valuing each share at \$12 and rounding the number of shares to be so issued to TCP to the nearest whole share) and 71.4% in cash.

3.4 DETERMINATION OF NET BOOK VALUE. The Net Book Value shall be determined from a statement of Purchased Assets and the Assumed Liabilities as of the close of business on the date hereof (the "Closing Balance Sheet"). The Closing Balance Sheet shall be prepared by Sensor, at Sensor's expense. The Closing Balance Sheet shall be prepared in accordance with generally accepted accounting principles ("GAAP") applied in a manner consistent with the accounting principles applied in the preparation of the Financial Statements (as herein defined). Notwithstanding, or without limitation, as the case may be, of the foregoing: (a) the Closing Balance Sheet shall contain pro rata accruals for utilities and like items; (b) Inventory shall be determined pursuant to a physical count and valued, on an item by item basis, at the lower of the actual cost thereof or market value (as of the date hereof) thereof, using the first in, first out method; PROVIDED, HOWEVER, that obsolete inventories, inventories which are unsalable or unusable in the ordinary course of business and slow moving inventories shall be valued at net realizable value; (c) assets and liabilities shall be reflected without regard to materiality; (d) the Closing Balance Sheet shall be prepared on the basis that it is being used in the computation of the

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Purchase Price and therefore items may be required to be reflected thereon that are not normally reflected on a balance sheet of a continuing business; and (e) reserves for the Purchased Assets shall be determined in accordance with GAAP. Sensor shall cause the Closing Balance Sheet with documentation for any adjustments to be delivered to Purchaser not later than thirty (30) days after the date hereof. Sensor shall make available to Purchaser and Purchaser's accountants the work papers, and shall permit Purchaser and Purchaser's accountants to observe the taking of the Inventory.

3.5 DISPUTES REGARDING CLOSING BALANCE SHEET. Disputes with respect to the Closing Balance Sheet shall be dealt with as follows:

(a) Purchaser shall have thirty (30) days after receipt of the Closing Balance Sheet (the "Dispute Period") to dispute any of the elements of or amounts reflected on the Closing Balance Sheet (a "Dispute"). If Purchaser does not give written notice of a Dispute within the Dispute Period to Sensor (a "Dispute Notice"), the Closing Balance Sheet shall be deemed to have been accepted and agreed to by Purchaser in the form in which it was delivered by Sensor, and shall be final and binding upon the parties hereto. If Purchaser has a Dispute, Purchaser shall give Sensor a Dispute Notice within the Dispute Period, setting forth in reasonable detail the elements and amounts with which it disagrees. Within thirty (30) days after delivery of such Dispute Notice, the parties hereto shall attempt in good faith to resolve such Dispute and agree in writing upon the final content of the disputed Closing Balance Sheet.

(b) If Purchaser and Sensor are unable to resolve any Dispute within

the thirty (30) day period after Sensor's receipt of a Dispute Notice, the Boston office of the certified public accounting firm of Price Waterhouse LLP (the "Arbitrating Accountant") shall be engaged as arbitrator hereunder to settle such Dispute as soon as practicable, but in any event, within forty-five (45) days after its appointment. In the event Price Waterhouse LLP is unwilling or unable to serve as the Arbitrating Accountant, the parties hereto shall select by mutual agreement another nationally recognized certified public accounting firm, who is not rendering (and during the preceding two-year period, has not rendered) services to any of the Contract Parties, Purchaser or their respective Affiliates (as defined herein), to serve as the Arbitrating Accountant. In connection with the resolution of any Dispute, the Arbitrating Accountant shall have access to all documents, records, work papers, facilities and personnel necessary to perform its function as arbitrator. The arbitration before the Arbitrating Accountant shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association. The Arbitrating Accountant's award with respect to any Dispute shall be final and binding upon the parties hereto, and judgment may be entered on the award. The Contract Parties, on the one hand, and Purchaser, on the other hand, shall each pay one-half of the fees and expenses of the Arbitrating Accountant with respect to any Dispute.

3.6 ADDITIONAL PAYOUT.

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(a) DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Actual Net Income" means the actual net income of Purchaser before interest expenses, taxes and goodwill amortization expenses related to the transactions contemplated hereby and future acquisitions by Purchaser for each Earn Out Period, as calculated in accordance with GAAP applied in a manner consistent with TCP's past practices and as determined from Purchaser's internal accounting records; provided, however, that the following expenses during each Earn Out Period shall be subtracted from Purchaser's net income in order to calculate the Actual Net Income for such Earn Out Period: (i) any management bonuses paid by TCP to employees of Purchaser during such Earn Out Period which are required to be reported on TCP's consolidated financial statements prepared in accordance with GAAP; (ii) all actual out-of-pocket sales commissions and distribution fees paid by TCP in connection with the sale of Purchaser's products through TCP's distribution channel, which amounts shall not be deducted more than once from the calculation of Actual Net Income; and (iii) with respect to each Earn-Out-Period, an interest charge equal to (A) the highest rate of interest charged by TCP's primary lending institution on borrowings made by TCP under its revolving line of credit during each Earn Out Period; multiplied by (B) the difference between (I) the average book value of the net assets of Purchaser (other than cash) as of the last day of each calendar month during

such Earn-Out Period; and (II) the value of Purchaser's net assets as set forth on the Closing Balance Sheet; provided, however, that under no circumstances shall the amount calculated in this subparagraph (iii) be less than zero.

(ii) "Base Net Income" for each Earn Out Period shall mean (A) for calendar year 1998, an amount equal to \$0; and (B) for each subsequent Earn Out Period, the greater of (i) \$0; (ii) the greatest Actual Net Income during any of the previous Earn Out Periods; and (iii) the greatest Base Net Income during any of the previous Earn Out Periods; provided, however, that for purposes of determining the Base Net Income for any Earn Out Period, if the Actual Net Income for the previous Earn Out Period is less than zero, then the Base Net Income for such Earn Out Period shall be equal to the sum of the Base Net Income during the previous Earn Out Period plus the amount of negative Actual Net Income during the previous Earn Out Period. For example, if Actual Net Income during calendar year 1998 is negative \$500,000, no Contingent Consideration shall be paid for calendar year 1998 and Base Net Income for calendar year 1999 shall be equal to \$500,000. Then, if Actual Net Income during calendar year 1999 is negative \$100,000, no Contingent Consideration shall be paid for calendar year 1999 and Base Net Income for calendar year 2000 shall be equal to \$600,000.

(iii) "Earn Out Period" means each of the calendar years 1998, 1999, 2000 and 2001. TCP and Purchaser hereby agree that during each of the Earn Out Periods, Purchaser's books and records shall be maintained separate and apart from TCP's books and records.

(b) CONTINGENT CONSIDERATION. Subject to the terms of subparagraph (v) below,

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(i) If Actual Net Income during calendar year 1998 exceeds Base Net Income for calendar year 1998, TCP and Purchaser shall jointly and severally pay Sensor an aggregate amount equal to three (3) times such excess.

(ii) If Actual Net Income during calendar year 1999 exceeds Base Net Income for calendar year 1999, TCP and Purchaser shall jointly and severally pay Sensor an aggregate amount equal to two and three-quarters (2 3/4) times such excess.

(iii) If Actual Net Income during calendar year 2000 exceeds Base Net Income for calendar year 2000, TCP and Purchaser shall jointly and severally pay Sensor an aggregate amount equal to two (2) times such excess.

(iv) If Actual Net Income during calendar year 2001 exceeds Base Net Income for calendar year 2001, TCP and Purchaser shall jointly and severally pay Sensor an aggregate amount equal to one and one-half (1 1/2) times such excess.

(v) Notwithstanding anything to the contrary contained herein, the aggregate amount of Contingent Consideration paid or otherwise owed by TCP and Purchaser to Sensor pursuant to the terms of this Article III shall not exceed \$23,250,000 in the aggregate. At such time as the amount of Contingent Consideration paid or otherwise owed by TCP and Purchaser to Sensor pursuant to the terms of this Article III exceeds \$23,250,000 in the aggregate, all obligations of TCP and Purchaser to pay to Sensor any amounts of Contingent Consideration in excess of such \$23,250,000 limitation shall terminate and be of no further force and effect.

(c) PAYMENT OF CONTINGENT CONSIDERATION. As soon as practicable after the close of Purchaser's books for each Earn Out Period, but in any event, no later than sixty (60) days after the end of each such Earn Out Period, Purchaser will in good faith determine the final aggregate amount of the Contingent Consideration, if any, for such preceding Earn Out Period based upon Purchaser's internal accounting records, and shall notify Sensor in writing of the amount of Contingent Consideration, if any, along with the methodology of computing such amount (the "Contingent Notice") with respect to such Earn Out Period. Sensor may, within thirty (30) days after receipt of the Contingent Notice, deliver to Purchaser written notice (the "Dispute Notice") identifying any dispute that Sensor may have with respect to the amount set forth in the Contingent Notice. If a Dispute Notice is not delivered by Sensor to Purchaser within such thirty (30) day period, the amount of the Contingent Consideration, if any, set forth in the Contingent Notice shall be final and binding on the parties hereto and shall be paid as provided above within five (5) days thereafter. Within fifteen (15) days following Purchaser's receipt of a Dispute Notice, Purchaser and Sensor shall in good faith attempt to agree upon the Contingent Consideration, if any, for such Earn Out Period. If Purchaser and Sensor cannot agree to the amount of the Contingent Consideration, if any, for such fiscal year within such fifteen (15) day period, they shall jointly submit their dispute to the Arbitrating Accountant for final determination, whose determination shall be made within forty-five (45) days of the date the dispute is submitted to the Arbitrating Accountant. The fees and expenses of the Arbitrating Accountant shall be

shared equally between the Purchaser, on the one hand, and the Contract Parties, on the other hand. The Arbitrating Accountant's determination as to the amount of Contingent Consideration for such Earn Out Period shall be final and binding on the parties hereto. The Contingent Consideration awarded to Sensor in respect of any particular Earn Out Period shall be paid by TCP and Purchaser jointly and severally to Sensor within ten (10) days of the final determination of the Contingent Consideration, if any, without interest, with respect to such Earn Out Period in accordance with the provisions of Section 3.6(d) below. In connection with the determination of

the Contingent Consideration, Purchaser shall give Sensor and/or the Arbitrating Accountant, as applicable, reasonable access (fax if possible) to the portion of its books and records which are relevant to the calculation of the Contingent Consideration for such Earn Out Period during normal business hours upon reasonable advance notice.

(d) PAYMENT OF CONTINGENT CONSIDERATION. Notwithstanding anything to the contrary contained in this Section 3.6, the Contingent Consideration for each Earn Out Period, if any, shall be paid by TCP and Purchaser jointly and severally to Sensor fifty percent (50%) in cash and fifty percent (50%) in shares of TCP Common Stock; provided, however, that, no more than an aggregate of 1,531,591 shares of TCP Common Stock shall be issued to Sensor in connection with the payment of any Contingent Consideration and, to the extent that Sensor has received an aggregate of 1,531,591 shares of TCP Common Stock in connection with the payment of Contingent Consideration, all remaining amounts of Contingent Consideration shall be paid by Purchaser to Sensor in cash. With respect to each payment of Contingent Consideration pursuant to this Section 3.6 for each Earn Out Period, each share of TCP Common Stock to be issued pursuant to this Section 3.6(d) for each respective Earn Out Period, shall be valued based upon the ten (10) consecutive trading day average (the "Average Price") of the mid-point of the ask and bid price at the end of each trading day of a share of TCP Common Stock for each day during such ten day period ending on the day prior to the end of each Earn Out Period, as such prices are quoted on the Nasdaq National Market System (and as reported by The Wall Street Journal or, if not reported thereby, by another authoritative source); provided, however, that (i) if 110% of the Average Price for any Earn Out Period is less than the actual closing price of a share of TCP Common Stock on the last day of such Earn Out Period, as such prices are quoted on the Nasdaq National Market System (and as reported by The Wall Street Journal or, if not reported thereby, by another authoritative source), for purposes of this Agreement, the Average Price for such Earn Out Period shall be deemed to be equal to 110% of the Average Price as calculated for such Earn Out Period; and (ii) if 90% of the Average Price for any Earn Out Period is less than the actual closing price of a share of TCP Common Stock on the day preceding the last day of such Earn Out Period, as such prices are quoted on the Nasdaq National Market System (and as reported by The Wall Street Journal or, if not reported thereby, by another authoritative source), for purposes of this Agreement, the Average Price for such Earn Out Period shall be deemed to be equal to 90% of the Average Price as calculated for such Earn Out Period. Notwithstanding the foregoing, the number of shares of TCP Common Stock to be issued to Sensor in any Earn Out Period shall be appropriately adjusted for any stock split, reverse stock split, stock dividend, subdivision, reclassification, split, combination, exchange, recapitalization or other similar transaction involving shares of TCP Common Stock.

(e) SALE OF PURCHASER. As soon as reasonably practicable after the closing of a Sale Event (as defined below), TCP and Purchaser shall jointly and severally pay, or cause to be paid, the following aggregate amount to Sensor: (i) if the closing of such Sale Event occurs after the date hereof but prior to the one year anniversary of the date hereof, an amount equal to fifty percent (50%) of the difference between (A) the aggregate net consideration paid by the acquiring company who is party to such Sale Event (the "Acquiring Company") to Purchaser and/or TCP in connection with the consummation of such Sale Event, after the payment of all of TCP's and/or Purchaser's costs and expenses directly related to such Sale Event, including, without limitation, all attorneys, accountants and investment banking fees and expenses paid by TCP and/or Purchaser in connection with such Sale Event; provided, however, that all such costs and expenses incurred in connection with such Sale Event shall be prorated among each of the persons who are being sold in connection with the Sale Event based upon each such persons fair market value if more than one person is being sold in connection with such Sale Event; and (B) the sum of (I) \$1,750,000 (reduced by the amount of any Purchase Price Adjustment in accordance with Section 3.3 and any amounts actually paid by any of the Contract Parties to Purchaser in accordance with Section 8.3); (II) the amount of all TCP's and/or Purchaser's costs and expenses directly related to the consummation of the transaction contemplated by this Agreement, including, without limitation, all attorneys, accountants and investment banking fees and expenses paid by TCP and/or Purchaser in connection with consummation of the transaction contemplated by this Agreement; and (III) all amounts of Contingent Consideration paid by TCP and Purchaser to Sensor pursuant to this Article III at any time after the date hereof and prior to the closing of the Sale Event (the difference between (A) and (B) above being referred to herein as the "Net Sale Proceeds"); (ii) if the closing of such Sale Event occurs on or after the one year anniversary of the date hereof but prior to the two year anniversary of the date hereof, an amount equal to thirty percent (30%) of the Net Sale Proceeds; (iii) if the closing of such Sale Event occurs on or after the second year anniversary of the date hereof but prior to the three year anniversary of the date hereof, an amount equal to twenty percent (20%) of the Net Sale Proceeds; and (iv) if the closing of such Sale Event occurs on or after the three year anniversary of the date hereof but prior to the four year anniversary of the date hereof, an amount equal to ten percent (10%) of the Net Sale Proceeds. TCP and Purchaser shall fulfill their obligation to Sensor pursuant to this Section 3.6(e) by delivering the appropriate percentage of the consideration that TCP and/or Purchaser receives from such Acquiring Company to Sensor. For example, (x) if TCP and/or Purchaser receive shares of capital stock in connection with the consummation of the Sale Event, they shall deliver the appropriate percentage of the capital stock received by them to Sensor (with the same registration rights as TCP and/or Purchaser may have); or (y) if TCP and/or Purchaser receive a note or other form of contingent payment in connection with the consummation of the Sale Event, they shall assign the appropriate percentage of such note or other contingent payment to Sensor. For purposes of this Agreement "Sale Event" shall mean (i) a sale of all or substantially all of the assets of Purchaser; (ii) a merger or consolidation involving Purchaser, where Purchaser or an

affiliate of TCP is not the surviving entity or in which TCP does not remain the owner, either directly or indirectly, of a majority of the outstanding shares of common stock of Purchaser; and (iii) a sale of a majority of the outstanding capital stock of Purchaser to any person (other than to an affiliate of TCP); provided, however, that a Sale Event shall not be

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deemed to have occurred if TCP directly (x) sells all or substantially all of its assets; (y) enters into a transaction involving a merger or consolidation; or (z) sells a majority of its outstanding capital stock as long as the acquiring person in connection with such transaction agrees to assume TCP's obligations pursuant to this Agreement.

(f) TERMINATION OF PAYMENTS. Notwithstanding anything to the contrary contained in this Section 3.6, Purchaser's and TCP's obligation to make payments of Contingent Consideration to Sensor pursuant to this Section 3.6 shall immediately terminate upon the consummation of a Sale Event and upon consummation of such Sale Event, Purchaser and TCP shall only be obligated to make the payments to Sensor set forth in Section 3.6(e) hereof.

3.7 TIME OF CLOSING. Subject to the terms of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of D'Ancona & Pflaum, 30 North LaSalle Street, Suite 2900, Chicago, Illinois 60602 at 10:00 a.m. The Closing shall be deemed to be effective as of 12:01 a.m. on the date hereof at Chicago, Illinois.

3.8 ALLOCATION OF PURCHASE PRICE. The Purchase Price shall be allocated among the Purchased Assets in the manner required by Section 1060 of the Code (as herein defined) and in accordance with Schedule 3.8 hereto. Notwithstanding the foregoing, nothing in this Agreement shall be construed to mean that a party hereto or other person must: (a) use, for any one or more purposes, any price or other allocation set forth or provided for in this Agreement if such party or person reasonably believes or reasonably is advised that such use is not in accordance with law; or (b) make or file, or cooperate in the making or filing of, any return or report to any governmental authority in any manner that such party or person reasonably believes or is reasonably advised is not in accordance with law.

ARTICLE IV

TCP'S AND PURCHASER'S REPRESENTATIONS AND WARRANTIES

All of the representations and warranties contained in this Article IV and all representations and warranties which are set forth elsewhere in this Agreement and in any financial statement, exhibit or document delivered by TCP

or Purchaser to the Contract Parties pursuant to this Agreement or in connection herewith shall survive the Closing (and none shall merge into any instrument of conveyance), regardless of any investigation or lack of investigation by the Contract Parties. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty. Representations and warranties of TCP and Purchaser are made as of the date hereof. TCP and Purchaser jointly and severally represent and warrant to the Contract Parties as of the date of this Agreement as follows:

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4.1 EXISTENCE, GOOD STANDING, CORPORATE AUTHORITY. Each of TCP and Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each of TCP and Purchaser has all requisite corporate power and authority to own or lease, and operate its properties and assets, and to carry on its business as now conducted and as currently proposed to be conducted.

4.2 AUTHORIZATION, VALIDITY AND EFFECT OF AGREEMENTS. The execution and delivery of this Agreement and the other documents executed or to be executed in connection herewith to which TCP or Purchaser is a party (collectively, "Purchaser's Ancillary Documents"), have been duly authorized by the Board of Directors and shareholders, if necessary, of TCP and Purchaser, to the extent each is a party thereto, and no other proceedings on the part of TCP or Purchaser or their shareholders are necessary to authorize the execution, delivery or performance of this Agreement or any of Purchaser's Ancillary Documents. This Agreement and each of Purchaser's Ancillary Documents have been duly executed by a duly authorized officer of TCP or Purchaser, to the extent each is a party thereto. This Agreement and all Purchaser's Ancillary Documents constitute the valid and legally binding obligations of TCP and Purchaser, to the extent each is a party thereto, enforceable against TCP and Purchaser, to the extent each is a party thereto, in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

4.3 NO VIOLATION. Neither the execution and delivery by TCP or Purchaser of this Agreement and the Purchaser's Ancillary Documents, nor the consummation by TCP and Purchaser of the transactions contemplated hereby in accordance with the terms hereof, will (a) conflict with or result in a breach of any provisions of the Articles of Incorporation or Bylaws of TCP or Purchaser; (b) violate, conflict with, result in a breach by TCP or Purchaser of any provision of, constitute a default by TCP or Purchaser (or an event which, with notice or lapse of time or both, would constitute a default by TCP or Purchaser) under, result in the termination, or in a right of termination or cancellation of, accelerate the performance by TCP or

Purchaser required by, result in the triggering of any material payment or other material obligations by TCP or Purchaser pursuant to, result in the creation of any lien, security interest, charge or encumbrance upon any of the material properties of TCP or Purchaser under, or result in being declared void, voidable, or without further binding effect, any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, deed of trust or any material license, franchise, permit, lease, contract, agreement or other instrument, commitment or obligation to which TCP or Purchaser is a party, or by which TCP or Purchaser or any of their respective properties is bound or affected, except for any of the foregoing matters which would not have a material adverse effect on the business, results of operations or financial condition of TCP, Purchaser and their respective subsidiaries, taken as a whole (a "Purchaser Material Adverse Effect"); (c) to the knowledge of TCP or Purchaser, contravene or conflict with or constitute a violation of any provision of any law, regulation, judgement, injunction, order or decree binding upon or applicable to TCP or Purchaser which would have a Purchaser Material Adverse Effect; or (d) to the knowledge of TCP or Purchaser, other than the filings under applicable federal, state

and local regulatory filings, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), the Securities Act of 1933, as amended (the "Securities Act"), or applicable state securities and "Blue Sky" laws or filings in connection with the maintenance of qualification to do business in other jurisdictions (collectively, the "Regulatory Filings"), require any material consent, approval or authorization of, or declaration, of or registration with, any domestic governmental or regulatory authority, the failure to obtain or make which would have a Purchaser Material Adverse Effect.

4.4 SEC DOCUMENTS. TCP has delivered or made available to the Contract Parties each registration statement, report, proxy statement or information statement (as defined in Regulation 14C under the Exchange Act) prepared by it since March 11, 1997, which reports constitute all of the documents required to be filed by TCP with the Securities and Exchange Commission ("SEC") since such date, each in the form (including exhibits and any amendments thereto) filed with the SEC (collectively, the "TCP Reports"). As of their respective dates, the TCP Reports (a) complied as to form in all material respects with the applicable requirements of the Securities Act, the Exchange Act, and the rules and regulations thereunder; and (b) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each of the consolidated balance sheets of TCP included in or incorporated by reference into the TCP Reports (including the related notes and schedules) fairly present in all material respects the consolidated financial position of TCP

as of its date, and each of the consolidated statements of income, retained earnings and cash flows of TCP included in or incorporated by reference into the TCP Reports (including any related notes and schedules) fairly present in all material respects the results of operations, retained earnings or cash flows, as the case may be, of TCP for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments which would not be material in amount or effect), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein.

4.5 NO BROKERS. Neither Purchaser nor TCP has entered into any contract, arrangement or understanding with any person or firm which may result in the obligation of the Contract Parties, TCP or Purchaser to pay any finder's fee, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby, except that TCP has retained Michael Blitzer Associates as its financial advisor. Other than the foregoing arrangement, neither TCP nor Purchaser is aware of any claim for payment of any finder's fees, brokerage or agent's commission or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transaction contemplated hereby. Purchaser and TCP agree to be solely responsible for the payment of all fees and commissions due and payable to Michael Blitzer Associates.

4.6 TCP COMMON STOCK. The issuance and delivery of shares of TCP Common Stock in connection with this Agreement have been duly and validly authorized by all necessary

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corporate action. The shares of TCP Common Stock to be issued in connection with this Agreement, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable.

4.7 CAPITALIZATION. The total authorized capital stock of TCP consists of (i) 22,500,000 shares of TCP Common Stock, 7,866,291 shares of which are issued and outstanding as of December 1, 1997; and (ii) 1,000,000 shares of blank check preferred stock, none of which are issued and outstanding as of the date hereof. The authorized capital stock of Purchaser consists of 1,000 shares of Common Stock, \$0.01 par value per share, 100 shares of which are issued and outstanding as of the date hereof and are owned by TCP. There are no shares of capital stock of TCP or Purchaser of any other class authorized, issued or outstanding.

4.8 MATERIAL ADVERSE CHANGE. Since September 30, 1997 to the date of hereof, other than what has been disclosed by TCP in Form 8-K's filed by TCP with the SEC (copies of which have been previously provided to the Contract Parties), TCP and its subsidiaries, taken as a whole, have not suffered any

change in their businesses, operations, assets, liabilities, financial condition or prospects which would have a Purchaser Material Adverse Effect.

ARTICLE V

THE CONTRACT PARTIES' REPRESENTATIONS AND WARRANTIES

All of the representations and warranties contained in this Article V and all representations and warranties which are set forth elsewhere in this Agreement and in any financial statement, exhibit or document delivered by the Contract Parties to Purchaser pursuant to this Agreement or in connection herewith shall survive the Closing (and none shall merge into any instrument of conveyance), regardless of any investigation or lack of investigation by Purchaser. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty. Representations and warranties of the Contract Parties are made as of the date hereof. All representations and warranties of the Contract Parties are made subject to the exceptions noted in the schedule delivered by the Contract Parties to Purchaser concurrently herewith attached hereto and incorporated herein by reference and identified as the "Disclosure Statement". All exceptions noted in the Disclosure Statement shall be numbered to correspond to the applicable sections to which such exception refers. Except as otherwise set forth in the Disclosure Statement, the Contract Parties jointly and severally hereby represent and warrant to Purchaser and TCP as follows:

5.1 ORGANIZATION, STANDING AND QUALIFICATION. Sensor (a) is an entity duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts; (b) has all requisite power and authority to own or lease, and operate its properties and assets, and to carry on its business as now conducted and as proposed to be conducted; (c) is duly qualified or licensed to do business and is in good standing in all jurisdictions in which it owns or leases

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property or in which the conduct of its business requires it to so qualify or be licensed, which states are listed in the Disclosure Statement; and (d) to the best knowledge of the Contract Parties, has obtained all material licenses, permits, franchises and other governmental authorizations necessary to the ownership or operation of its properties or the conduct of its business.

5.2 CAPITALIZATION.

(a) The total authorized capital stock of Sensor consists of 200,000 shares of common stock, no par value per share, 13,916 shares of

which are issued and outstanding as of the date hereof and are owned of record as set forth in the Disclosure Statement. There are no shares of capital stock of Sensor of any other class authorized, issued or outstanding.

(b) Each share of common stock of Sensor is (i) duly authorized and validly issued; and (ii) fully paid and nonassessable.

(c) There are currently no outstanding, and as of the Closing, there will be no outstanding (i) securities convertible into or exchangeable for any capital stock of Sensor, (ii) options, warrants or other rights to purchase or subscribe to capital stock of Sensor or securities convertible into or exchangeable for capital stock of Sensor, or (iii) contracts, commitments, agreements, understandings, arrangements, calls or claims of any kind to which any of the Contract Parties is a party or is bound relating to the issuance of any capital stock of Sensor.

(d) Sensor has no obligation or liability of any nature whatsoever (direct or indirect, matured or unmatured, absolute, accrued, contingent or otherwise), whether or not required by GAAP to be provided or reserved against on a balance sheet (all the foregoing herein collectively being referred to as the "Liabilities") except for: (i) Liabilities provided for or reserved against in the Financial Statements or the Interim Financial Statements (as defined herein); (ii) Liabilities which have been incurred by Sensor subsequent to November 30, 1997 in the ordinary course of Sensor's business and consistent with past practices; (iii) Liabilities under the executory portion of any written purchase order, sales order, lease, agreement or commitment of any kind by which Sensor is bound and which was entered into in the ordinary course of Sensor's business and consistent with past practices; and (iv) liabilities and obligations of Sensor disclosed in the Disclosure Statement.

5.3 OWNERSHIP INTERESTS. Sensor does not have any subsidiaries and does not own any direct or indirect interest in any corporation, joint venture, limited liability company, partnership, association or other entity. Since January 1, 1997, Sensor has not (i) disposed of the capital stock or assets of any ongoing business (or portion thereof), or (ii) purchased the business and/or assets of another person, firm or corporation (whether by purchase of stock, assets, merger or otherwise).

5.4 CONSTITUENT DOCUMENTS. True and complete copies of the Articles of Organization and all amendments thereto, the Bylaws as amended and currently in force, all stock records, and all corporate minute books and records of Sensor have been furnished by the Contract Parties to Purchaser for inspection. Said stock records accurately reflect all stock transactions and the current stock ownership of Sensor. The corporate minute books and records of Sensor contain true and complete copies of all resolutions adopted

by the stockholders or the board of directors of Sensor and any other action formally taken by them respectively as such.

5.5 AUTHORIZATION OF AGREEMENT AND OTHER DOCUMENTS. The execution and delivery of this Agreement and the other documents executed in connection herewith to which any of the Contract Parties is a party (collectively, the "Ancillary Documents"), have been duly authorized by the Board of Directors and stockholders of Sensor and no other proceedings on the part of Sensor or its affiliates are necessary to authorize the execution, delivery or performance of this Agreement or any Ancillary Document. Each of Roach and Harlfinger have all the requisite power and authority to enter into this Agreement and each of the Ancillary Documents, to the extent each is a party thereto. This Agreement and each of the Ancillary Documents to which Sensor is a party, has been duly executed by a duly authorized officer of Sensor. This Agreement and each of the Ancillary Documents to which any of the Contract Parties is a party is a valid and binding obligation of such Contract Party, to the extent each is a party thereto, enforceable against such Contract Party in accordance with its terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting enforcement of creditors' rights generally, and by general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

5.6 NO VIOLATION. Neither the execution and delivery of this Agreement or the Ancillary Documents by the Contract Parties nor the consummation by the Contract Parties of the transactions contemplated hereby and thereby in accordance with their respective terms, will (a) conflict with or result in a breach of any provisions of the Articles of Organization or Bylaws of Sensor; (b) violate, conflict with, result in a breach by any Contract Party of any provision of, constitute a default by any Contract Party (or an event which, with notice or lapse of time or both, would constitute a default by any Contract Party) under, result in the termination, or in a right of termination or cancellation of, accelerate the performance by any Contract Party required by, result in the triggering of any material payment or other material obligations by any Contract Party pursuant to, result in the creation of any lien, security interest, charge or encumbrance upon any of the material properties of Sensor under, or result in being declared void, voidable, or without further binding effect, any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, deed of trust or any material license, franchise, permit, lease, contract, agreement or other instrument, commitment or obligation to which Sensor is a party, or by which Sensor or any of its properties is bound or affected; (c) to the Contract Parties' knowledge, contravene or conflict with or constitute a violation of any provision of any law, regulation, judgement, injunction, order or decree binding upon or applicable to Sensor; or (d) to the Contract Parties' knowledge, other than the Regulatory Filings, require any material consent,

approval or authorization of, or declaration, of or registration with, any domestic governmental or regulatory authority.

5.7 COMPLIANCE WITH LAWS.

(a) To the best of the Contract Parties' knowledge, Sensor holds all material permits, licenses, variances, exemptions, orders and approvals of any court, arbitral, tribunal, administrative agency or commissioner or other governmental or other regulatory authority or agency ("Governmental Entities") necessary for the lawful conduct of its business (the "Permits").

(b) To the best of the Contract Parties' knowledge, Sensor is in substantial compliance with the terms of its Permits.

(c) Sensor is in substantial compliance with all laws, ordinances or regulations of all Governmental Entities, including, but not limited to, those related to occupational health and safety, controlled substances or employment and employment practices.

(d) As of the date hereof, no investigation, review, inquiry or proceeding by any Governmental Entity with respect to Sensor are pending or, to the best knowledge of the Contract Parties, threatened.

(e) Sensor is currently not subject to any agreement, contract or decree with any Governmental Entities arising out of any current or previously existing violations.

5.8 BOOKS AND RECORDS. Sensor's books, accounts and records are, and have been, maintained in Sensor's usual, regular and ordinary manner, in accordance with GAAP, and all material transactions to which Sensor is or has been a party are properly reflected therein.

5.9 FINANCIAL STATEMENTS. The Disclosure Statement contains complete and accurate copies of the internally prepared balance sheet, statement of income and retained earnings of Sensor as of and for the year ended December 31, 1996. The financial statements described in the preceding sentence are hereinafter referred to as the "Financial Statements". The Disclosure Statement also contains complete and accurate copies of the internally prepared (subject to year end adjustments) balance sheet and statement of income and retained earnings of Sensor as of and for the eleven (11) month period ended November 30, 1997. The financial statements described in the preceding sentence are referred to herein as the "Interim Financial Statements". The Financial Statements and the Interim Financial Statements present accurately and completely the financial position of Sensor as of the dates thereof and the results of operations of Sensor for the periods covered by said statements, in accordance with GAAP in all material respects.

5.10 ACCOUNTS RECEIVABLES. None of the trade receivables and notes receivable which are reflected on the Financial Statements, the Interim Financial Statements or which arose subsequent to the date of the Interim

or set off. All of such trade receivables arose out of bona fide, arms-length transactions for the sale of goods or performance of services, and all such trade receivables and notes receivable are good and collectible (or have been collected) in the ordinary course of business using normal collection practices at the aggregate recorded amounts thereof, less the amount of applicable reserves for doubtful accounts and for allowances and discounts. All such reserves, allowances and discounts, were and are adequate and consistent in extent with reserves, allowances and discounts previously maintained by Sensor in the customary practice of its business as historically conducted. Sensor has no outstanding sales on consignment, sales on approval, sales on return or guaranteed sales.

5.11 INVENTORY. All Inventory of Sensor consists of items of a quantity and quality historically useable and/or saleable in the normal course of business, except for items of obsolete and slow-moving material and materials which are below standard quality, all of which have been written down to estimated net realizable value on an item by item basis. With the exception of items of below standard quality which have been written down to their estimated net realizable value, the Inventory is free from defects in materials and/or workmanship. All Inventory reflected in the Financial Statements or the Interim Financial Statements is valued at the lower of cost or market with cost determined by the first in first out accounting method. Since November 30, 1997, there has not been a material adverse change in the level of the Inventory. All Inventory is, and all tools, dies, jigs, patterns, molds, equipment, supplies and other materials used in the production of Inventory are, located at the Leased Premises. To the Contract Party's knowledge, all Inventory has been produced in material compliance with applicable laws.

5.12 INTENTIONALLY OMITTED

5.13 INTELLECTUAL PROPERTY.

(a) The Disclosure Statement identifies all of the following which are used in the Business or in which Sensor claims any ownership rights: (i) all trademarks, service marks, slogans, trade names, trade dress and the like (collectively with the associated goodwill of each, "Trademarks"), together with information regarding all registrations and pending applications to register any such rights; (ii) all common law Trademarks; (iii) all proprietary formulations, manufacturing methods, know-how and trade secrets which are material to the Business; (iv) all patents on and pending applications to patent any technology or design; (v) all registrations of and applications to register copyrights; and (vi) all licenses or rights in computer software, Trademarks, patents, copyrights, unpatented formulations,

manufacturing methods and other know-how, whether to or by Sensor. The rights required to be so identified are referred to herein collectively as the "Intellectual Property".

(b) (i) Sensor is the owner of or duly licensed to use each Trademark and its associated goodwill; (ii) each Trademark registration exists and has been maintained in good standing; (iii) each patent and application included in the Intellectual Property exists, is owned by or licensed to Sensor, and has been maintained in good standing; (iv) each copyright registration

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exists and is owned by Sensor; (v) no Contract Party has received any notice that any other firm, corporation, association or person claims the right to use in connection with similar or closely related goods and in the same geographic area, any mark which is identical or confusingly similar to any of the Trademarks; (vi) the Contract Parties have no knowledge of any claim or any reason to believe that any third party asserts ownership rights in any of the Intellectual Property; (vii) the Contract Parties have no knowledge of any claim or any reason to believe that Sensor's use of any Intellectual Property infringes any right of any third party; (viii) the Contract Parties have no knowledge or any reason to believe that any third party is infringing on any of Sensor's rights in any of the Intellectual Property; and (ix) the Contract Parties have no knowledge or any reason to believe that any of its actions or the actions of Sensor have infringed or is infringing on any third party's Intellectual Property rights.

5.14 TITLE TO PROPERTIES. Attached to the Disclosure Statement is a list and description of each item of real or tangible personal property owned by Sensor which has a salable value in excess of \$1,000. Sensor (i) has good, marketable, legal and valid title to such property free and clear of all liens, claims, encumbrances or security interests (collectively, "Liens"); and (ii) has not received any notice or become aware of any condition which would materially and adversely affect its peaceful and undisturbed possession under all leases to which it is a party as lessee. All of the leases to which Sensor is a party are legal, valid and binding and in full force and effect, and no default by Sensor, or, to the knowledge of the Contract Parties, by any other party thereto has occurred or is continuing thereunder. No property or asset used by Sensor in connection with the operation of the Business is held under any lease or under any conditional sale or other title retention agreement. Except for such assets and facilities as are immaterial to the Business, all tangible assets and facilities of Sensor being purchased by Purchaser hereunder or to be used by Purchaser following Closing are in good operating condition and repair (ordinary wear and tear excepted) and are sufficient to conduct the Business as previously conducted prior to the date hereof.

5.15 REAL ESTATE.

(a) Sensor does not own any real estate and does not have the option to acquire any real estate.

(b) Sensor does not lease any real estate other than the premises identified in the Disclosure Statement as being so leased (the "Leased Premises"). The Leased Premises are leased to Sensor pursuant to written leases, true, correct and complete copies of which are attached to the Disclosure Statement. None of the improvements comprising the Leased Premises, or the businesses conducted or proposed to be conducted by Sensor thereon, are in violation of any building line or use or occupancy restriction, limitation, condition or covenant of record or any zoning or building law, code or ordinance, public utility or other easements or other applicable law, except for violations which do not have a material adverse effect upon or materially interfere with the conduct of the Business. No material expenditures are required to be made for the repair or maintenance of any improvements on the Leased Premises or for the

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Leased Premises to be used for its intended purpose. Sensor is not in default under any agreement relating to the Leased Premises nor, to the best knowledge of the Contract Parties, is any other party thereto in default thereunder.

(c) The Leased Premises and each facility located on the Leased Premises are currently served by gas, electricity, water, sewage and waste disposal and other utilities adequate to operate such Leased Premises in accordance with the operations that have been historically conducted thereon and, to the Contract Parties' knowledge, none of the utility companies serving any such Leased Premises has threatened any of the Contract Parties with any reduction in service. All of said utilities are installed and operating on the Leased Premises and all installation and connection charges have been paid for in full or are accrued on the Interim Financial Statements.

(d) None of the Contract Parties nor any Governmental Authority has asserted any challenges or appeals regarding the amount of the taxes on, or the assessed valuation of, the Leased Premises, and none of the Contract Parties has any special arrangements or agreements with any governmental authority with respect thereto (the representations and warranties contained in this Section 5.15(e) shall not be deemed to be breached by any prospective general increase in real estate tax rates).

(e) There are no condemnation proceedings pending or, to the best of the Contract Parties' knowledge, threatened with respect to any portion of the Leased Premises.

(f) There is no tax assessment (in addition to the normal, annual general real estate tax assessment) pending or, to the best of the Contract Parties' knowledge, threatened with respect to any portion of the Leased Premises to the extent Sensor is liable for payment therefor.

(g) The buildings and other facilities located on the Leased Premises are free of any latent structural or engineering defects known to the Contract Parties or any patent structural or engineering defects.

5.16 CONTRACTS.

(a) Except as disclosed in the Disclosure Statement, Sensor is not a party to, or bound by, or the issuer or beneficiary of, any undischarged written or oral: (i) agreement or arrangement obligating Sensor to pay or receive, or pursuant to which Sensor has previously paid or received, an amount in excess of \$5,000; (ii) agreement or arrangement which by its terms cannot be terminated by Sensor for a period in excess of thirty (30) days without payment or penalty; (iii) employment or consulting agreement; (iv) collective bargaining agreement; (v) plan or contract or arrangement providing for bonuses, options, deferred compensation, retirement payments, profit sharing, medical and dental benefits or the like covering employees of Sensor; (vi) agreement restricting in any manner Sensor's right to compete with any other person or entity, Sensor's right to sell to or purchase from any other person or entity, the right of any other

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party to compete with Sensor or the ability of such person or entity to employ any of Sensor's employees; (vii) secrecy or confidentiality agreement; (viii) guaranty, performance, bid or completion bond, or surety or indemnification agreement; (ix) requirements contract; (x) loan or credit agreement, pledge agreement, note, security agreement, mortgage, debenture, indenture, factoring agreement or letter of credit; (xi) agreement for the treatment or disposal of Materials of Environmental Concern; (xii) power of attorney; or (xiii) partnership or joint venture agreement.

(b) All agreements, leases, subleases and other instruments referred to in this Section 5.16, are in full force and binding upon Sensor and, to the Contract Parties' knowledge, upon the other parties thereto. Sensor is not, and to the Contract Parties' knowledge, none of the other parties thereto are in default under any such agreement, lease, sublease or other instrument. No event, occurrence or condition exists which, with the lapse of time, the giving of notice, or both, or the happening of any further event or condition, would become a default under any such agreement, lease, sublease or other instrument by Sensor, or, to the Contract Parties' knowledge, the other contracting party. To the best of the Contract Parties' knowledge, Sensor has not released or waived any material right under any such agreement, lease, sublease or other instrument.

5.17 INSURANCE. The Disclosure Statement contains a true and correct list of all insurance policies which are owned by Sensor or which name Sensor as an insured (or loss payee), including without limitation those which pertain to Sensor's assets, employees or operations. All such insurance policies are in full force and effect and Sensor has not received notice of cancellation of any such insurance policies.

5.18 LITIGATION. Except as disclosed on the Disclosure Statement, there is no litigation or proceeding, in law or in equity, and there are no proceedings or governmental investigations before any commission or other administrative authority, pending or, to the best of the Contract Parties' knowledge, threatened against Sensor, or any of Sensor's officers, directors or Affiliates (as defined herein), with respect to or affecting Sensor's operations, business, products, sales practices or financial condition, or related to the consummation of the transaction contemplated hereby or the Ancillary Documents. Except as disclosed on the Disclosure Statement, there are no facts known to the Contract Parties which, if known by a potential claimant or governmental authority, would give rise to a claim or proceeding which, if asserted or conducted with results unfavorable to Sensor, would have a material adverse effect on the business, operations, assets, liabilities, financial condition or prospects of Sensor before or after the Closing.

5.19 WARRANTIES. Except as disclosed on the Disclosure Statement, Sensor has not made any oral or written warranties with respect to the quality or absence of defects of its products or services which it has sold or performed which are in force as of the date hereof. Except as disclosed on the Disclosure Statement, there are no material claims pending, or to the Contract Parties' knowledge, anticipated or threatened against Sensor with respect to the quality of or absence of defects in any of its products or services. The Disclosure Statement sets forth a summary, which is accurate in all material respects, of all returns of defective products during the

period beginning January 1, 1996 and ending on the date hereof, and all credits and allowances for defective products given to customers during said period, and said summary in each case accurately describes the defect which resulted in the return, allowance or credit. Except as disclosed on the Disclosure Statement, Sensor has not paid or been required to pay direct, incidental, or consequential damages to any person in connection with any of such products or services.

5.20 PRODUCTS LIABILITY. Sensor has received no notice nor do the Contract Parties have any knowledge relating to any claim involving any product manufactured, produced, distributed or sold by or on behalf of Sensor resulting from an alleged defect in design, manufacture, materials or workmanship, or any alleged failure to warn, or from any breach of implied

warranties or representations.

5.21 ARBITRATION. Sensor is not a party to, or bound by, any decree, order or arbitration award (or agreement entered into in any administrative, judicial or arbitration proceeding with any governmental authority) with respect to or affecting the properties, assets, personnel or business activities of Sensor.

5.22 TAXES.

(a) As used in this Agreement, (i) "Taxes" means all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, social security, Medicare or other health program, excise, severance, stamp, occupation, premium, property (including property Taxes assessed against a landlord of any Contract Party, but borne by such Contract Party pursuant to a lease), windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever of a nature similar to taxes, together with any interest and any penalties, additions to tax or other additional amounts with respect thereto; (ii) "Tax" means any one of the foregoing Taxes; (iii) "Returns" means all returns, information returns or statements, declarations, reports, statements and other documents (including any related or supporting information) filed or required to be filed with any taxing authority with respect to Taxes; and (iv) "Return" means any one of the foregoing Returns.

(b) Sensor has filed or has properly filed extensions of all required Tax Returns for all Tax periods in all jurisdictions where Returns have been required and, except with respect to matters set forth in the Disclosure Statement, all such Returns were correct and complete and not susceptible to adjustment by any taxing authority. Except as disclosed in the Disclosure Statement, all Taxes owed by Sensor have been paid for each taxable period for which such Returns have been filed or were required to be filed. Sensor has not filed any Returns in any state or local jurisdiction other than Massachusetts which is not listed on the Disclosure Statement, nor has Sensor failed to file a Return in any state or local jurisdiction which, under the laws, rules and regulations of such jurisdiction, is or was required to be filed. Purchaser cannot be assessed or otherwise held liable for any Tax obligation of Sensor.

(c) Except as otherwise stated in the Disclosure Statement: (i) no extension of time, within which to file any Return which has not been filed, has been requested by Sensor or granted by any Tax authority; (ii) Sensor has not waived or extended any statute of limitations with respect to any Tax or agreed to any extension of time with respect to any Tax assessment or deficiency, which waiver or extension is still in effect; (iii) no examinations of any Returns are pending, and the Disclosure Statement sets

forth those years since 1987 for which examinations have been completed and the results of such examinations; (iv) no issues have been raised in writing (and are currently pending) by any taxing authority in connection with any of the Tax Returns filed by Sensor, and Sensor has not received any written notice of deficiency or assessment from any taxing authority, other than deficiencies or assessments which have been paid or finally settled, or which are disclosed in the Disclosure Statement and are being contested in good faith through appropriate proceedings; and (v) there are no liens filed against, or threatened to be filed against, any asset of Sensor resulting from the failure to pay any Tax when due.

(d) Sensor: (i) has never been a member of an affiliated group of corporations, within the meaning of section 1504 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) has never had any liability, whether 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, for the Taxes of any person other than itself; (iii) is not and has never at any time been a party to or bound by any Tax indemnity, Tax sharing or Tax allocation agreement; (iv) is not or has never been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code; or (v) is not or has never been a person other than a United States person within the meaning of the Code (and the transaction contemplated herein is not subject to the withholding provisions of section 3406 or subchapter a of Chapter 3 of the Code).

(e) None of the assets of Sensor (i) are "tax-exempt use property" within the meaning of Section 168(h) of the Code; (ii) is property that Sensor is required to treat as being owned by any other person pursuant to the "safe harbor lease" provisions of former section 168(f)(8) of the Code; or (iii) directly or indirectly secures any debt the interest on which is tax-exempt under section 103(a) of the Code.

5.23 EMPLOYEE BENEFITS. Except as stated in the Disclosure Statement, neither Sensor nor any corporation or business which is now or at the relevant time was an affiliate of Sensor as determined under the Code section 414(b), (c), (m) or (o) ("ERISA Affiliate") maintains, administers, contributes to or has any liability under, or has maintained, administered, contributed to or had any liability under, nor do the employees of Sensor or any ERISA Affiliate receive or have any reason to expect to receive as a condition of employment or this transaction, benefits pursuant to any: (i) employee pension benefit plan (as defined in Section 3(2) of ERISA) ("Plan"), including, without limitation, any multi-employer plan as defined in Section 3(37) of ERISA ("Multi-Employer Plan"); (ii) any non-qualified deferred compensation plan or retirement plan; (iii) employee welfare benefit plan (as defined in Section 3(1) of ERISA) ("Welfare Plan"), including (iv) any other plan, program, agreement or arrangement under which former employees of Sensor or an ERISA Affiliate (or their beneficiaries) are entitled, or current employees of

Sensor or an ERISA Affiliate will be entitled, following termination of employment, to medical, health or life insurance or other benefits other than pursuant to benefit continuation rights granted by state or federal law; or (v) any bonus, stock, stock purchase, or stock option plan, severance plan, salary continuation, vacation, sick leave, fringe benefit, incentive, insurance, welfare or similar plan or arrangement ("Employee Benefit Plan") other than those Plans, Multi-Employer Plans, Welfare Plans and Employee Benefit Plans described in the Disclosure Statement (all such plans, programs or arrangements described above being referred to as "Employee Benefits");

(a) There is no provision in any Plan, Welfare Plan or Employee Benefit Plan, and neither Sensor nor its ERISA Affiliates or any officer or agent of the same has made any promise or representation, to the effect that any employee or former Employee of Sensor or any ERISA Affiliate may look to Purchaser or its affiliates or any other "successor-in-interest" (by whatever manner defined) to Sensor to provide or be obligated to provide or arrange for the provision of any benefit promised, whether actually or contingently, under any Plan, Multi-Employer Plan, Welfare Plan or Employee Benefit Plan.

(b) True and complete copies of each Plan, Welfare Plan and Employee Benefit Plan, related trust agreements, insurance contracts, annuity contracts or other funding vehicles, determination letters, summary plan descriptions, copies of any pending applications, filings or notices with respect to any of the Plans, Welfare Plans or Employee Benefit Plans with the IRS, the PBGC, the Department of Labor or any other governmental agency, copies of all corporate resolutions or other documents pertaining to the adoption of the Plans, Multi-Employer Plans, Welfare Plans or Employee Benefit Plans or any amendments thereto or to the appointment of any fiduciaries thereunder and copies of any investment management agreements thereunder and of any fiduciary insurance policies, surety bonds, rules, regulations or policies, of the trustees or of any committee thereunder, all communications and notices to employees regarding any Plan, Multi-Employer Plan, Welfare Plan, or Employee Benefit Plan, annual reports on Form 5500, Form 990 financial statements and actuarial reports for the most recent five Plan years, and each plan, agreement, instrument and commitment referred to herein, have been furnished or made available to Purchaser and are attached to the Disclosure Statement. All of the foregoing are legally valid, binding, in full force and effect as to Sensor or its ERISA Affiliates or any officer or agent of the same, as the case may be, and there are no defaults thereunder by Sensor or its ERISA Affiliates or any officer or agent of the same, as the case may be. The annual reports on Form 5500 and Form 990 and actuarial statements furnished to Purchaser fully and accurately set forth the financial and actuarial condition of each Plan and each trust funding any Welfare Plan. With respect to each Plan, Welfare Plan and Employee Benefit Plan, the Disclosure Statement sets forth the name and address of the administrator and trustees and the policy number and insurer under all insurance policies;

(c) None of the Plans, Welfare Plans or Employee Benefit Plans has any material unfunded liabilities which are not reflected on the Financial Statements or, in the case of any Plan, on the latest actuarial report and with respect to the Plans. None of the Plans is a "top-heavy" plan, as defined in Section 416 of the Code. Except as disclosed in the Disclosure

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Statement, Sensor has no plans, programs, arrangements or made any other commitments to its employees, former employees or their beneficiaries under which it has any obligation to provide any retiree or other employee benefit payments which are not adequately funded through a trust or other funding arrangement. There have been no material changes in the operation or interpretation of any of the Plans, Welfare Plans or Employee Benefit Plans since the most recent annual report or actuarial report which would have any material effect on the cost of operating or maintaining such Plans Welfare Plans on Employee Benefit Plans; and

(d) There are no pending or, to the Contract Parties' knowledge, threatened claims, lawsuits, arbitrations, or governmental audits, examinations or inquiries asserted or instituted against or by any of the Plans, Multi-Employer Plans (to the extent Sensor or an ERISA Affiliate is or may be a party), Welfare Plans, or Employee Benefit Plans, or any fiduciaries thereof, except in the case of Multi-Employer Plans, fiduciaries that are officers, employees, directors, agents or owners of Sensor or its ERISA Affiliates, with respect to their duties to the Plan, Welfare Plans or Employee Benefit Plan or the assets of any trusts thereunder, by any employee or beneficiary covered under any Plans, Welfare Plans or Employee Benefit Plans or otherwise involving any Plan, Welfare Plan or Employee Benefit Plan (other than routine claims for benefits); and the Contract Parties have no knowledge of any facts which would give rise to or could reasonably be expected to give rise to any such claims, lawsuits or arbitrations. Neither Sensor nor any of its ERISA Affiliates, nor any of their directors, officers, employees or any other "fiduciary", as such term as defined in Section 3(21) of ERISA, knows of or has received any notice of any liability for failure to comply with ERISA or the Code or failure to act in connection with the administration or investment of any Plan.

5.24 LABOR MATTERS. Except as set forth in the Disclosure Statement, (a) there is no labor strike, dispute, slowdown, work stoppage or lockout pending or, to the knowledge of the Contract Parties, threatened against or affecting Sensor, and during the past three years, there has not been any such action; (b) to the Contract Parties' knowledge, there are no union claims or petitions to represent the employees of Sensor; (c) Sensor is not a party to or bound by any collective bargaining or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of Sensor;

(d) none of the employees of Sensor are represented by any labor organization and none of the Contract Parties have any knowledge of any current union organizing activities among the employees of Sensor, nor to their knowledge does any question concerning representation exist concerning such employees; (e) Sensor is, and has at all times been, in material compliance with all applicable employment laws and practices, including, without limitation, any such laws relating to employment discrimination, occupational safety and health and unfair labor practices; (f) there is no unfair labor practice charge or complaint against Sensor pending or, to the best knowledge of the Contract Parties, threatened before the National Labor Relations Board or any charges or complaints, or facts which could give rise to a charge or complaint, pending or threatened with any Governmental Entity who has jurisdiction over unlawful employment practices; (g) there is no grievance or arbitration proceeding arising out of any collective bargaining agreement or other grievance procedure pending relating to Sensor; (h) Sensor is not delinquent in payments to any

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of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed by them to the Closing or amounts required to be reimbursed to such employees; (i) except as disclosed in the Disclosure Statement, upon termination of the employment of any of the employees of Sensor after the Closing, Sensor will not be liable to any of its employees for severance pay; (j) the employment of each of Sensor's employees is terminable at will without cost to Sensor except for payments required under the Plans, Welfare Plans and Employee Benefit Plans and payment of accrued salaries or wages and vacation pay; (k) no employee or former employee of Sensor has any right to be rehired by Sensor prior to Sensor hiring a person not previously employed by Sensor; and (l) the Disclosure Statement contains a true and complete list of all employees who are employed by Sensor as of the date hereof, and said list correctly reflects their salaries, wages, other compensation (other than benefits under the Plans, Welfare Plans and Employee Benefit Plans), dates of employment and positions. Except as disclosed on the Disclosure Statement, Sensor does not owe any past or present employee any sum in excess of \$5,000 individually or \$20,000 in the aggregate other than for accrued wages or salaries for the current payroll period, and amounts payable under Plans, Welfare Plans or Employee Benefit Plans. Except as disclosed on the Disclosure Statement, no employee owes any sum to Sensor in excess of \$5,000, and all employees together do not owe Sensor in excess of \$20,000.

5.25 ENVIRONMENTAL MATTERS.

(a) Sensor and its assets and business are in substantial compliance with all Environmental Laws and Environmental Permits (as herein defined). A copy of any notice, citation, inquiry or complaint which Sensor has received in the past three years of any alleged violation of any

Environmental Law or Environmental Permit is contained in the Disclosure Statement, and all violations alleged in said notices have been or are being corrected. A description of all such violations currently being corrected is contained in the Disclosure Statement. To the best of the Contract Parties' knowledge, Sensor possesses all material Environmental Permits which are required for the operation of the Business, and is in substantial compliance with the provisions of all such Environmental Permits. Copies of all Environmental Permits issued to Sensor are contained in the Disclosure Statement. The Contract Parties have delivered to Purchaser copies of all environmental reports with respect to the Leased Premises in its possession which were conducted during the last five years.

(b) The Disclosure Statement sets forth a complete list of all Materials of Environmental Concern stored, treated, generated, used, transported or Released (as herein defined) in connection with the operation of the Business. There has been no storage, treatment, generation, transportation or Release of any Materials of Environmental Concern by Sensor or its predecessors in interest, or by any other person or entity for which Sensor is or may be held responsible, at any Facility (as herein defined) or any Offsite Facility (as herein defined) in violation of, or which could give rise to any obligation under, Environmental Laws.

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(c) The Disclosure Statement sets forth a complete list of all Containers (as herein defined) that are now present at, or have heretofore been removed from the Leased Premises. All Containers which have been heretofore removed from the Leased Premises have been removed in accordance with all applicable Environmental Laws.

(d) For the purposes of this Agreement: (i) "Environmental Laws" means all federal, state and local statutes, regulations, ordinances, rules, regulations and policies, all court orders and decrees and arbitration awards, and the common law, which pertain to environmental matters or contamination of any type whatsoever. Environmental Laws include, without limitation, those relating to: manufacture, processing, use, distribution, treatment, storage, disposal, generation or transportation of Materials of Environmental Concern; air, surface or ground water or noise pollution; Releases; protection of wildlife, endangered species, wetlands or natural resources; Containers; health and safety of employees and other persons; and notification requirements relating to the foregoing; (ii) "Environmental Permits" means licenses, permits, registrations, governmental approvals, agreements and consents which are required under or are issued pursuant to Environmental Laws; (iii) "Materials of Environmental Concern" means (A) pollutants, contaminants, pesticides, radioactive substances, solid wastes or hazardous or extremely hazardous, special, dangerous or toxic wastes, substances, chemicals or materials within the meaning of any Environmental Law, including without limitation any (i) "hazardous substance" as defined in

CERCLA, and (ii) any "hazardous waste" as defined in the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C., Sec. 6902 ET. SEQ., and all amendments thereto and reauthorizations thereof; and (B) even if not prohibited, limited or regulated by Environmental Laws, all pollutants, contaminants, hazardous, dangerous or toxic chemical materials, wastes or any other substances, including without limitation, any industrial process or pollution control waste (whether or not hazardous within the meaning of RCRA) which could pose a hazard to the environment or the health and safety of any person, or impair the use or value of any portion of the Leased Premises; (iv) "Release" means any spill, discharge, leak, emission, escape, injection, dumping, or other release or threatened release of any Materials of Environmental Concern into the environment, whether or not notification or reporting to any governmental agency was or is, required, including without limitation any Release which is subject to CERCLA; (v) "Facility" means any facility as defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, ET. SEQ., as amended and reauthorized ("CERCLA"); (vi) "Offsite Facility" means any Facility which is not presently, and has not heretofore been, owned, leased or occupied by Sensor; and (vii) "Containers" means above-ground and under-ground storage tanks, vessels and related equipment and containers.

5.26 INTERIM CONDUCT OF BUSINESS. Except as otherwise contemplated by this Agreement or as disclosed in the Disclosure Statement, since November 30, 1997, Sensor has not:

(a) sold, assigned, leased, exchanged, transferred or otherwise disposed of any material portion of its assets or property, except for sales of Inventory and cash applied in the payment of its Liabilities, in the usual and ordinary course of business in accordance with its past practices;

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(b) suffered any material casualty, damage, destruction or loss, or interruption in use, of any material asset, property or portion of Inventory (whether or not covered by insurance), on account of fire, flood, riot, strike or other hazard or Act of God;

(c) written off any material asset as unusable or obsolete or for any other reason;

(d) made or suffered any material change in the conduct or nature of any aspect of its business, whether or not made in the ordinary course of business or whether or not such change had a material adverse effect of the financial condition or operations of Sensor;

(e) waived any material right arising out of the conduct of, or with respect to, its business;

(f) made (or committed to make) capital expenditures in an amount which exceeds \$5,000 for any item or \$20,000 in the aggregate;

(g) discharged any material liability except in the usual and ordinary course of business in accordance with past practices, or prepaid any liability;

(h) made any material change in accounting methods or principles;

(i) entered into any material transaction with, or made any payment to, or incurred any liability to, any Related Party;

(j) made any material payments or distributions to its employees, officers or directors except such amounts as constitute currently effective compensation for services rendered, or reimbursement for reasonable ordinary and necessary out-of-pocket business expenses;

(k) paid or incurred any management or consulting fees, or engaged any consultants;

(l) adopted any new Plan, Welfare Plan or Employee Benefit Plan;

(m) issued or sold any securities of any class;

(n) paid, declared or set aside any dividend or other distribution on its securities of any class or purchased, exchanged or redeemed any of its securities of any class; or

(o) without limitation by the enumeration of any of the foregoing, entered into any transaction other than in the ordinary course of business consistent with past practices.

Notwithstanding the foregoing, Sensor shall not be deemed to have breached the terms of this Section 5.26 by entering into this Agreement or by consummating the transactions contemplated hereby.

5.27 AFFILIATED TRANSACTIONS. Since January 1, 1997, Sensor has not been a party to any transaction (other than employee compensation and other ordinary incidents of employment) with a "Related Party". For purposes of this Agreement, the term "Related Party" shall mean: any present or former officer, director, stockholder or affiliate of Sensor, any present or former known spouse, ancestor or descendant of any of the aforementioned persons, any entity in which a majority of the outstanding ownership interests are owned by the aforementioned persons, either individually or as a group, or any trust or other similar entity for the benefit of any of the foregoing

persons. No property or interest in any property (including, without limitation, designs and drawings concerning machinery) which relates to and is or will be necessary or useful in the present or currently contemplated future operation of the Business, is presently owned by or leased or licensed by or to any Related Party. All amounts due and owing to or from Sensor by or to any of the Related Parties (excluding employee compensation and other incidents of employment) have been paid in full. Except for the ownership of securities representing less than a 2% equity interest in various publicly traded companies, none of the Contract Parties, nor to the Contract Parties' knowledge, any Related Party has an interest, directly or indirectly, in any business, corporate or otherwise, which is in competition with the Business.

5.28 SIGNIFICANT CUSTOMERS, SUPPLIERS, DISTRIBUTORS AND EMPLOYEES. The Disclosure Statement sets forth an accurate list of Sensor's Significant Customers (as defined herein), Significant Suppliers (as defined herein), Significant Distributors (as defined herein) and Significant Employees (as defined herein). None of the Contract Parties have any knowledge of any intention or indication of intention by a (a) Significant Customer to terminate its business relationship with Sensor or to limit or alter its business relationship with Sensor in any material respect; (b) Significant Supplier to terminate its business relationship with Sensor or to limit or alter its business relationship with Sensor in any material respect; (c) Significant Distributor to terminate its business relationship with Sensor or to limit or alter its business relationship with Sensor in any material respect; or (d) Significant Employee intends to terminate or has terminated his employment with Sensor. As used herein, (w) "Significant Customer" means the 10 largest customers of Sensor measured in terms of sales volume in dollars for the eleven month period ended November 30, 1997, (x) "Significant Supplier" means any supplier of Sensor from whom Sensor has purchased \$45,000 or more of goods during the eleven month period ended November 30, 1997 for use in the Business; (y) "Significant Distributor" means any distributor that, on Sensor's behalf, has distributed to other distributors, wholesalers, retailers or end users, Sensor's products with a value in excess of \$45,000 during the eleven month period ended November 30, 1997; and (z) "Significant Employee" means the Chief Executive Officer, the Chief Operating Officer, the President, any Vice President, the Treasurer, any sales representative or sales manager or any other executive officer of Sensor.

5.29 MATERIAL ADVERSE CHANGE. Since December 31, 1996 and except as otherwise disclosed in the Interim Financial Statements, Sensor has not suffered or been threatened with (and none of the Contract Parties have knowledge of any facts which may cause or result in) any material adverse change in the business, operations, assets, liabilities, financial condition or prospects of Sensor, including, without limiting the generality of the foregoing, the existence or threat of a labor dispute, or any material adverse change in, or loss of, any relationship between Sensor and any of its

key employees.

5.30 BRIBES. None of the Contract Parties nor, to the Contract Parties' knowledge, any of Sensor's former or current officers, directors, employees, agents or representatives has made, directly or indirectly, with respect to Sensor or the Business, any bribes or kickbacks, illegal political contributions, payments from corporate funds not recorded on the books and records of Sensor, payments from corporate funds to governmental officials, in their individual capacities, for the purpose of affecting their action or the action of the government they represent, to obtain favorable treatment in securing business or licenses or to obtain special concessions, or illegal payments from corporate funds to obtain or retain business. Without limiting the generality of the foregoing, none of the Contract Parties have directly or indirectly made or agreed to make (whether or not said payment is lawful) any payment to obtain, or with respect to, sales other than usual and regular compensation to its employees and sales representatives with respect to such sales.

5.31 ABSENCE OF INDEMNIFIABLE CLAIMS, ETC. Sensor has not received any notice of, or has no knowledge of any losses, claims, damages, costs, expenses, liabilities or judgements which would entitle any director, officer or employee of Sensor to indemnification by Sensor under applicable law, the articles of incorporation or bylaws of Sensor or any insurance policy maintained by Sensor.

5.32 BROKERS. Except as set forth in the Disclosure Statement, none of the Contract Parties is under any obligation to pay any financial advisory, broker's, finder's or similar fee or commission in connection with the transactions provided for in this Agreement.

5.33 ACCURACY AND COMPLETENESS OF INFORMATION. The representations and warranties of the Contract Parties in this Agreement, and all representations, warranties and statements of the Contract Parties contained in any schedule, financial statement, exhibit, list or document delivered pursuant hereto or in connection herewith, do not contain or will not contain any untrue statement of material fact or do not omit to state a material fact necessary in order to make the representations, warranties or statements contained herein or therein not misleading. The copies of all documents furnished by the Contract Parties to Purchaser pursuant to or in connection with this Agreement are complete and accurate. To the best of the Contract Parties' knowledge, the information contained in the Disclosure Statement is complete and accurate.

ARTICLE VI

POST-CLOSING AGREEMENTS

6.1 POST-CLOSING AGREEMENTS. From and after the Closing, the parties shall have the respective rights and obligations which are set forth in the remainder of this Article VI.

6.2 INSPECTION OF RECORDS. The Contract Parties, Purchaser and their respective Affiliates shall each retain and make their respective books and records (including work papers in the possession of their respective accountants) available for inspection by the other party, or by its duly accredited representatives, for reasonable business purposes at all reasonable times during normal business hours, for a seven (7) year period after the date hereof, upon reasonable advance written notice, with respect to all transactions of Sensor occurring prior to and those relating to the Closing, and the historical financial condition, assets, liabilities, operations and cash flows of Sensor. In the case of records owned by the Contract Parties or any of its Affiliates, such records shall be made available at Sensor's executive offices, and in the case of records owned by Purchaser, such records shall be made available at Purchaser's executive office or its Massachusetts location if maintained by TCP. As used in this Section 6.2, the right of inspection includes the right to make extracts or copies. The representatives of a party inspecting the records of the other party shall be reasonably satisfactory to the other party.

6.3 CERTAIN ASSIGNMENTS. Any other provision of this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to transfer or assign, or a transfer or assignment of, any claim, contract, lease, Permit, Environmental Permit, commitment, sales order or purchase order, or any benefit arising thereunder or resulting therefrom, if an attempt at transfer or assignment thereof without the consent required or necessary for such assignment, would constitute a breach thereof or in any way adversely affect the rights of Purchaser or Sensor thereunder. If (w) any required consent to the transfer or assignment to Purchaser of any claim, contract, lease, Permit, Environmental Permit, commitment, sales order or purchase order is not obtained, (x) an attempted transfer or assignment would be ineffective or would adversely affect the rights of Purchaser or Sensor thereunder so that Purchaser would not receive substantially all of such rights, (y) a contract is assigned to Purchaser pursuant to the provisions hereof and the other contracting party thereafter raises objections to the assignment and refuses to allow Purchaser to perform the contract on the terms therein provided, or threatens to terminate the contract or sue for damages, or (z) a surety company issuing a bond to Sensor objects to the completion of a sales order or contract included among the Purchased Assets by Purchaser, Purchaser and the Contract Parties shall cooperate in any arrangement Purchaser may reasonably request to provide for Purchaser the benefits under such claim, contract, lease, Permit, Environmental Permit, commitment or order. Cooperation may include, without limitation, and at Purchaser's request shall include, an arrangement (a so-called "Seconding Arrangement"), to be entered into between Purchaser and Sensor pursuant to which Sensor shall nominally perform an order or contract, Purchaser shall retain the economic benefits or detriments of the order or contract and Sensor shall perform the order or contract with employees lent to Sensor by

Purchaser (which employees shall be treated as employees of Sensor during the period of performance) and with inventory, equipment and supplies of Purchaser necessary to complete the order or contract transferred from Purchaser to Sensor as required. Notwithstanding the foregoing, TCP agrees to indemnify and hold the Contract Parties harmless from any and all Damages (as defined herein) incurred by any Contract Party in connection with any such Seconding Arrangement, unless such Damages were caused by any Contract Party's gross negligence or wilful misconduct.

6.4 USE OF TRADEMARKS; REFERENCES TO SENSOR. The Contract Parties shall cease to use and shall not license or permit any third party to use the name "SensorPulse", or any name, slogan, logo or trademark which is similar or deceptively similar to any of the Trademarks. Purchaser may refer to its business as formerly being Sensor's. Immediately after the Closing, the Contract Parties shall cause Sensor to change its corporate name to a name which is not similar or deceptively similar to "SensorPulse".

6.5 EMPLOYEES. Purchaser shall not be obligated to offer employment to any employee of Sensor, but Purchaser shall have the right to employ employees of Sensor as of the date hereof, on terms and conditions established by Purchaser in its sole discretion. For a period of two (2) years commencing on the date hereof, neither the Contract Parties nor any of their respective Affiliates shall take any actions which are calculated to persuade any salaried, technical or professional employees, representatives or agents of Purchaser to terminate their association with Purchaser. In the event that any employee of Sensor hired by Purchaser after the date hereof is terminated by Purchaser, Purchaser shall be solely responsible for payment of any unemployment compensation or other claims related to the termination of such employment.

6.6 PAYMENTS OF ACCOUNTS RECEIVABLE. In the event the Contract Parties shall receive any instrument of payment of any of the Accounts Receivable, the Contract Parties shall forthwith deliver it to Purchaser, endorsed where necessary, without recourse, in favor of Purchaser.

6.7 PRODUCT WARRANTIES. Purchaser will accept returns of products of the Business shipped by Sensor on and prior to the date hereof, or which constitute finished goods inventory on the date hereof, which are defective or which fail to conform to the customer's order in accordance with the following provisions (but Purchaser does not hereby assume any liability to any third party claimant or, except as provided in this Section 6.7, to the Contract Parties). Purchaser shall notify the Contract Parties of each such return, specifying the customers, products and shipment orders involved and stating whether any consequential damages are claimed to have been suffered. If such products are defective or fail to conform to the customer's order, Purchaser shall, at its option, repair or replace the defective or

nonconforming products in accordance with Sensor's practices in effect at the time of shipment. Purchaser will repair, rather than replace, such products whenever it is economically and technically practical to do so. To the extent that the costs incurred by Purchaser to repair or replace such products exceed any reserve for returns set forth on the Interim Financial Statements, the reasonable costs and expenses incurred by Purchaser with respect to such repair or replacement (which costs shall include (a) in

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the case of repair, Purchaser's direct costs therefor, an allocable share of manufacturing and general and administrative overhead, and shipping costs from and to the customer; and (b) in the case of replacement, Purchaser's direct manufacturing cost for the replaced item, including an allocable share of manufacturing and general and administrative overhead in connection therewith, and shipping costs to and from the customer) shall be treated as a claim for indemnification subject to the limitations on the Contract Parties' indemnification obligations set forth in Section 8.3(f) hereof. Payments with respect to products which can be resold by Purchaser shall be made to the Contract Parties not later than thirty (30) days after the date of resale. The Contract Parties shall reimburse Purchaser for its reasonable out-of-pocket costs (including freight out) of handling and disposing of such defective or nonconforming products which are unsuitable for repair or sale to other customers. At the Contract Parties' request, Purchaser shall provide the Contract Parties with all reasonable information and documentation in Purchaser's possession that would be helpful to the Contract Parties in filing damage claims with any shipper of such products.

6.8 SALES AND TRANSFER TAXES AND FEES. The Contract Parties shall pay when due from assets other than the Purchased Assets, all sales taxes and/or use taxes, recording fees, personal property title application fees, patent and trademark assignment registration fees, real property transfer taxes and fees and all other taxes and fees on transfer of the Purchased Assets arising by virtue of the sale of the Purchased Assets to Purchaser, regardless of whether the liability for said taxes or fees is imposed by law upon the Contract Parties or upon Purchaser.

6.9 COVENANT NOT TO COMPETE. As an inducement for Purchaser to enter into this Agreement, each of Sensor and Harlfinger agree that:

(a) from and after the Closing and continuing for the lesser of five (5) years from the date hereof or the longest time permitted by applicable law, neither Sensor or Harlfinger nor any of their respective Affiliates shall do any one or more of the following, directly or indirectly:

(i) engage or participate, anywhere in the continental United States, as an owner, partner, shareholder, consultant or (without limitation by the specific enumeration of the foregoing) otherwise in any

business which is competitive with the Business as conducted on the date hereof or as proposed to be conducted by Sensor on the date hereof; or

(ii) solicit any customer of Purchaser which has been a customer of Sensor within the past two (2) years, to purchase from any source other than Purchaser any product or service of the Business.

(iii) in the event of any breach of paragraph (a) of this Section 6.9, the time period of the breached covenant shall be extended for the period of such breach. Each of Sensor and Harlfinger recognizes that the territorial, time and scope limitations set

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forth in this Section 6.9 are reasonable and are required for the protection of Purchaser and in the event that any such territorial, time or scope limitation is deemed to be unreasonable by a court of competent jurisdiction, Purchaser and each of Sensor and Harlfinger agree to the reduction of either or any of said territorial, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances. Notwithstanding the foregoing, the ownership of up to 5% of the issued capital stock of any publicly traded company by itself shall not constitute a violation of any provision of this Section 6.9.

For purposes of this Agreement, the term "Affiliate" shall mean and include any person or entity which controls a party, which such party controls or which is under common control with such party and, in the case of any individual, such individual's spouse, ancestors, decedents and siblings. "Control" means the power, direct or indirect, to direct or cause the direction of the management and policies of a person or entity through voting securities, contract or otherwise.

6.10 DISCLOSURE OF CONFIDENTIAL INFORMATION. As a further inducement for Purchaser to enter into this Agreement, each Contract Party agrees that for a period of five (5) years after the date hereof, each Contract Party shall, and shall cause their respective Affiliates to, hold in strictest confidence, and not, without the prior written approval of Purchaser, use for their own benefit or the benefit of any party other than Purchaser or disclose to any person, firm or corporation other than Purchaser (other than as required by law) any Confidential Information. For purposes of this Agreement, intending that the term shall be broadly construed to include anything protectible as a trade secret or confidential information under applicable law, "Confidential Information" shall mean all information, and all documents and other tangible items which record information relating to or useful in connection with Purchaser's business (including the business of any of Purchaser's Affiliates), which at the time or times concerned is protectible as a trade secret or confidential information under applicable law which has not otherwise entered the public domain through no fault of any

Contract Party and which has been or is from time to time disclosed to or known by each Contract Party either before or after the date hereof.

6.11 INJUNCTIVE RELIEF. Each Contract Party specifically recognizes that any breach of Sections 6.4, 6.5, 6.9 or 6.10 will cause irreparable injury to Purchaser and that actual damages may be difficult to ascertain, and in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), each Contract Party agrees that in the event of any such breach, Purchaser shall be entitled to injunctive relief in addition to such other legal and equitable remedies that may be available. Each Contract Party and Purchaser agree that in the event that the time limitations set forth in Sections 6.09 and 6.10 is deemed to be unreasonable by a court of competent jurisdiction, each Contract Party agrees and submits to the imposition of such a limitation as said court shall deem reasonable.

6.12 FURTHER ASSURANCES. The parties shall execute such further documents, and perform such further acts, as may be reasonably necessary to transfer and convey the Purchased

Assets to Purchaser, on the terms herein contained, and to otherwise comply with the terms of this Agreement and consummate the transaction contemplated hereby.

ARTICLE VII

EMPLOYEES AND EMPLOYEE BENEFIT PLANS

7.1 EMPLOYEES. Effective as of the date hereof, employees of Sensor who accept employment with Purchaser (the "Employees") shall cease to be employees of Sensor and shall thereafter become employees of Purchaser. The Contract Parties shall bear the full cost and expense of any entitlement to benefits due to Employees under the Plans, Welfare Plans or Employee Benefit Plans of Sensor. The Contract Parties shall bear the full cost and expense (including the costs of defense, administration, audit and response to inquiries or allegations of governmental regulators and/or aggrieved participants, employees or beneficiaries), fines, taxes, excise taxes, awards of compensatory, actual or punitive damages or plaintiffs' legal fees, attributable to actual or alleged legal noncompliance, mismanagement, misadministration, fiduciary or contractual breach, error or omissions under any of Sensor's Plans, Welfare Plans or Employee Benefit Plans.

7.2 PLAN ASSUMPTION/TERMINATION. Purchaser shall not undertake to assume the sponsorship of or liabilities under any of Sensor's Plans, Welfare Plans or Employee Benefit Plans. Purchaser will attempt, subject to

availability, cost considerations and other material business considerations identified at the Purchaser's discretion, to establish for Employees a commercially insured medical benefits plan similar to Sensor's commercially insured medical benefits plan, but it is not intended by the parties that any such plan established or previously maintained by Purchaser will be a continuation or assumption of the plan of Sensor or that Purchaser will be a successor in interest to Sensor with respect to such a plan. At Purchaser's request, Sensor will use all necessary or appropriate efforts to accomplish the assignment of the medical benefits insurance policy owned by Sensor to Purchaser. The Employees are not intended to be third party beneficiaries of Purchaser's obligations under this Section 7.2.

7.3 CLAIM ASSUMPTION. With respect to all claims which have been incurred prior to the date hereof, regardless whether reported, such claims shall be processed through and paid under Sensor's Welfare Plans (including for this purpose, any educational reimbursement or assistance program). For this purpose, a claim shall be deemed incurred (i) with respect to medical benefits, other than as described in (ii) below, at the time services or materials are received; (ii) with respect to benefits for hospital or nursing home confinement, including doctors' visits, nursing services and other services and supplies furnished in conjunction with the confinement, at the time the confinement commenced; (iii) with respect to life or survivor benefits, at the time of the death; (iv) with respect to short- or long-term disability or accident and sickness benefits, at the time the disability commenced; (v) with respect to amounts payable under workers' compensation or other similar laws, at the time the disability, accident or illness

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commenced; and (vi) with respect to tuition or educational reimbursements, at the time the class or program commenced. With respect to any employee of Sensor who is not actively at work on the date hereof (for reasons other than normal scheduling or vacation), including former employees who terminated or retired prior to the date hereof, employees on leave of absence for medical or other reasons, and employees on layoff, Sensor shall remain responsible for and continue any applicable welfare benefit plan coverage until such time, if any, as such employee returns to active service with Purchaser. Sensor shall also remain responsible for and continue to provide any applicable health care continuation coverage under section 4980B of the Code to employees or their dependents if the "qualifying event" (as defined in section 4980B(f)(3) of the Code) occurred prior to Closing.

7.4 SEVERANCE TREATMENT. Sensor shall be responsible for any severance or other similar benefit payable to any Employee on account of the transaction contemplated hereby under any severance plans, programs or arrangements which Sensor may have maintained. Sensor agrees to indemnify Purchaser for and against any and all claims, expenses and losses for severance or other similar benefit which it might incur as a result of this

transaction.

ARTICLE VIII

INDEMNIFICATION

8.1 GENERAL. From and after the Closing, the parties shall indemnify each other as provided in this Article VIII. No specifically enumerated indemnification obligation with respect to a particular subject matter as set forth below shall limit or affect the applicability of a more general indemnification obligation as set forth below with respect to the same subject matter.

8.2 CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the indicated meanings:

(a) "Damages" shall mean all liabilities, demands, claims, actions or causes of action, regulatory, legislative or judicial proceedings or investigations, assessments, levies, losses, fines, penalties, damages, costs and expenses (net of any income tax benefits), including, without limitation, reasonable attorneys', accountants', investigators', and experts' fees and expenses, sustained or incurred in connection with the defense or investigation of any such claim; provided, however, that the term Damages shall specifically exclude any consequential damages, including consequential damages consisting of business interruption or lost profits, or punitive damages;

(b) "Indemnified Party" shall mean a party hereto who is entitled to indemnification from another party hereto pursuant to this Article VIII;

(c) "Indemnifying Party" shall mean a party hereto who is required to provide indemnification under this Article VIII to another party hereto; and

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(d) "Third Party Claims" shall mean any claims for Damages which are asserted or threatened by a party other than the parties hereto, their successors and permitted assigns, against any Indemnified Party or to which an Indemnified Party is subject.

8.3 INDEMNIFICATION OBLIGATIONS OF THE CONTRACT PARTIES. The Contract Parties shall, jointly and severally, indemnify, save and keep harmless Purchaser and TCP and each of their respective successors and permitted assigns against and from all Damages sustained or incurred by any of them resulting from or arising out of or by virtue of:

(a) any inaccuracy in or breach of any representation and warranty

made by any Contract Party in this Agreement or in any of the Ancillary Documents;

(b) any breach by any Contract Party of, or failure by any Contract Party to comply with, any of its respective covenants or obligations under this Agreement (including, without limitation, their respective obligations under this Article VIII);

(c) the failure to discharge when due any liability or obligation of any of the Contract Parties other than the Assumed Liabilities, or any claim against Purchaser or TCP with respect to any such liability or obligation or alleged liability or obligation;

(d) any Third Party Claims to the extent caused by the acts or omissions of the Contract Parties prior to the date hereof and not constituting an Assumed Liability, including, without limitation, Damages which arise out of the Contract Parties' operation of the Business prior to the date hereof; and

(e) without being limited by paragraphs (a), (b), (c) or (d) of this Section 8.3 (and without regard to the fact that any one or more of the items referred to in this Section 8.3(e) may be disclosed in the Disclosure Statement or in any documents included or referred to therein or may be otherwise known to Purchaser or TCP at the date hereof), (i) any action or failure to act, in whole or in part, on or prior to the date hereof, with respect to any Plan, Welfare Plan or Employee Benefit Plan which Sensor or any ERISA Affiliate of Sensor has at any time maintained or administered or to which Sensor or any ERISA Affiliate of Sensor has at any time contributed; (ii) the violation of any Environmental Law or the presence or release of any Hazardous Materials upon, about or beneath the Leased Premises or any other real property used in connection with the conduct of the Business at any time prior to the date hereof or the migration to or from the Leased Premises or any other real property used in connection with the conduct of the Business at any time prior to the date hereof, or arising in any manner whatsoever out of the violation of any Environmental Law pertaining to the Leased Premises or any other real property used in connection with the conduct of the Business at any time prior to the date hereof and the activities thereon, whether foreseeable or unforeseeable, provided such violation commenced prior to the date hereof; (iii) any liability for Taxes owed by any Contract Party (whether or not shown on any Return) or any Affiliate of any Contract Party that were due and payable on or prior to the date

hereof; (iv) any inaccuracy in the representations set forth in Section 5.14 hereof; or (v) any violation of, or delinquency in respect to, any decree, order or arbitration award or law, statute, or regulation in effect on or prior to the date hereof of, or agreement of any Contract Party with, or any license or Permit granted to any the Contract Parties from, any Governmental

Authority to which the Purchased Assets are subject, including, without limitation, laws, statutes and regulations relating to occupational health and safety, equal employment opportunities, fair employment practices and discrimination.

(f) notwithstanding anything to the contrary contained in this Section 8.3, (i) TCP and Purchaser shall only be entitled to indemnification pursuant to Section 8.3 hereof once their aggregate claims for indemnification exceed \$25,000, but after such claims exceed such amount, TCP and Purchaser shall be entitled to seek indemnification for all indemnification claims from the first dollar of Damages; and (ii) the Contract Parties' aggregate indemnification obligations pursuant to Section 8.3(a) shall be limited to the sum of \$1,750,000 (reduced by the amount of the Purchase Price Adjustment set forth in Section 3.5, if any) plus the aggregate amount of Contingent Consideration, if any, paid or otherwise owed by Purchaser to Sensor pursuant to the terms of Article III hereof (the "Indemnification Limit").

8.4 TCP'S AND PURCHASER'S INDEMNIFICATION COVENANTS. TCP and Purchaser jointly and severally shall indemnify, save and keep harmless the Contract Parties and their respective successors and permitted assigns against and from all Damages sustained or incurred by any of them resulting from or arising out of or by virtue of:

(a) any inaccuracy in or breach of any representation and warranty made by TCP or Purchaser in this Agreement or in any Purchaser Ancillary Document;

(b) any breach by TCP or Purchaser of, or failure by TCP or Purchaser to comply with, any of their respective covenants or obligations under this Agreement (including, without limitation, their respective obligations under this Article VIII);

(c) Purchaser's failure to pay, discharge and perform any of the Assumed Liabilities when due; or

(d) any Third Party Claims to the extent caused by the acts or omissions of Purchaser after the date hereof and not constituting an Excluded Liability, including, without limitation, Damages which arise out of Purchaser's operation of the Business after the date hereof.

(e) notwithstanding anything to the contrary contained in this Section 8.4, (i) the Contract Parties shall only be entitled to indemnification pursuant to Section 8.4 hereof once their aggregate claims for indemnification exceed \$25,000, but after such claims exceed such amount, the Contract Parties shall be entitled to seek indemnification for all indemnification claims

from the first dollar of Damages; and (ii) TCP's and Purchaser's aggregate indemnification obligation pursuant to Section 8.4(a) shall be limited to the amount of the Indemnification Limit.

8.5 COOPERATION. Subject to the provisions of Section 8.8, the Indemnifying Party shall have the right, at its own expense, to participate in the defense of any Third Party Claim, and if said right is exercised, the parties shall cooperate in the investigation and defense of said Third Party Claim.

8.6 SUBROGATION. The Indemnifying Party shall not be entitled to require that any action be brought against any other person before action is brought against it hereunder by the Indemnified Party but shall be subrogated to any right of action to the extent that it has paid or successfully defended against any Third Party Claim.

8.7 THIRD PARTY CLAIMS SUBJECT TO INDEMNIFICATION.

(a) Promptly following the receipt of notice of a Third Party Claim, the party receiving the notice of the Third Party Claim shall notify the other party hereto of such Third Party Claim. The failure to give such notice shall not relieve the Indemnifying Party of its obligations under this Agreement except to the extent that the Indemnifying Party is materially prejudiced as a result of the failure to give such notice. Within fifteen business days after receipt of the notice by the Indemnifying Party pursuant to the preceding sentence, the Indemnifying Party shall notify the Indemnified Party whether it elects to control the defense of the Third Party Claim. If the Indemnifying Party elects to undertake the defense of such Third Party Claim, it shall do so at its own expense with counsel of its own choosing and it shall acknowledge in writing without qualification its indemnification obligations as provided in this Agreement to the Indemnified Party as to such Third Party Claim. If the Indemnifying Party elects not to defend the Third Party Claim or does not diligently pursue such Third Party Claim, the Indemnified Party shall have the right to undertake, conduct and control the defense of such Third Party Claim through counsel of its own choosing. The party that litigates or contests the Third Party Claim shall keep the other party fully advised of the progress and disposition of such claim.

(b) In the event the Indemnifying Party elects not to undertake the defense of the Third Party Claim or fails to pursue diligently the defense of such a claim and the Indemnified Party litigates or otherwise contests or settles the Third Party Claim, then, provided that a final determination has been made that the Indemnified Party is entitled to indemnification hereunder, the Indemnifying Party shall promptly reimburse the Indemnified Party for all amounts paid to settle such claim or all amounts paid in satisfaction of a judgment against the Indemnified Party in contesting such claim and in providing its right to indemnification hereunder, all in accordance with the provisions of this Article VIII.

(c) No Third Party Claim will be settled by the Indemnifying Party or by any Indemnified Party without the written consent of the other party hereto, which consent will not be unreasonably withheld; provided, however, that if the Indemnified Party shall be fully released

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from all liability relating to such Third Party Claim in connection with such settlement, the Indemnifying Party shall not be required to obtain the consent of the Indemnified Party prior to settling any such claim. If, however, the Indemnified Party refuses to consent to a bona fide offered settlement which the Indemnifying Party wishes to accept, the Indemnified Party may continue to pursue such Third Party Claim free of any participation by the Indemnifying Party, at the sole expense of the Indemnified Party. In such event, the Indemnifying Party shall pay to the Indemnified Party the amount of the offer of settlement which the Indemnified Party refused to accept, plus the reasonable costs and expenses incurred by the Indemnified Party prior to the date the Indemnifying Party notifies the Indemnified Party of the offer of settlement, all in accordance with the terms of this Article VIII, and, upon the payment or receipt of such amount, as the case may be, the Indemnifying Party shall have no further liability with respect to such Third Party Claim. The Indemnifying Party shall be entitled to recover from the Indemnified Party any additional expenses incurred by such Indemnifying Party as a result of the decision of the Indemnified Party to pursue the matter.

8.8 THIRD PARTY CLAIMS NOT SUBJECT TO INDEMNIFICATION. Each Contract Party, Purchaser and TCP shall cooperate with each other with respect to the defense of any claims or litigation made or commenced by third parties subsequent to the date hereof which are not subject to the indemnification provisions contained in this Article VIII, provided that the party requesting cooperation shall reimburse the other party for the other party's reasonable out-of-pocket costs and expenses of furnishing such cooperation.

8.9 SET-OFF. Upon the final resolution of a claim for indemnification pursuant to this Article VIII, TCP and/or Purchaser may, in their sole election, set off either of their right to receive payment under this Agreement from any Contract Party, whether for a Contract Parties' breach or otherwise, against amounts owed by TCP and/or Purchaser to such Contract Party pursuant to the terms of this Agreement, on a dollar for dollar basis, with any such set off being effective upon the final resolution of such claim for indemnification.

ARTICLE IX

MISCELLANEOUS

9.1 NOTICES. All notices required or permitted to be given hereunder shall be in writing and may be delivered by hand, by facsimile, by nationally recognized private courier, or by United States mail. Notices delivered by mail shall be deemed given three (3) business days after being deposited in the United States mail, postage prepaid, registered or certified mail. Notices delivered by hand by facsimile, or by nationally recognized private carrier shall be deemed given on the first business day following receipt; provided, however, that a notice delivered by facsimile shall only be effective if such notice is also delivered by hand, or deposited in the United States mail, postage prepaid, registered or certified mail, on or before two (2) business days after its delivery by facsimile. All notices shall be addressed as follows:

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If to any Contract Party:

SensorPulse Corp.
117 Eastman Street
South Easton, Massachusetts 02375
Attn: Charles Harlfinger
Fax: (508) 230-9090

with a copy to:

Schlossberg & McLaughlin, P.C.
50 Braintree Hill Office Park
P.O. Box 850699
Braintree, Massachusetts 02185-0699
Attn: Jeffrey M. Schlossberg
Fax: (781) 848-5096

If to Purchaser or TCP:

Total Control Products, Inc.
2001 North Janice Avenue
Melrose Park, Illinois
Attention: Nicholas Gihl, President
Fax: (708) 345-5670

with a copy to:

D'Ancona & Pflaum
30 North LaSalle, Suite 2900
Chicago, Illinois 60602
Attention: Mark S. Albert
Fax: (312) 580-0923

and/or to such other respective addresses and/or addressees as may be designated by notice given in accordance with the provisions of this Section 9.1.

9.2 EXPENSES; TRANSFER TAXES. Except as otherwise provided herein, each party hereto shall bear all fees and expenses incurred by such party in connection with, relating to or arising out of the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby, including, without limitation, attorneys', accountants' and other professional fees and expenses.

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9.3 ENTIRE AGREEMENT. This Agreement and the instruments to be delivered by the parties pursuant to the provisions hereof constitute the entire agreement between the parties and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Each Exhibit, Schedule and the Disclosure Statement, shall be considered incorporated into this Agreement. Any amendments, or alternative or supplementary provisions to this Agreement must be made in writing and duly executed by an authorized representative or agent of each of the parties hereto.

9.4 SURVIVAL; NON-WAIVER. All representations and warranties shall survive the Closing for a period of three years regardless of any investigation or lack of investigation by any of the parties hereto; provided, however, that the representations and warranties contained in Sections 5.1, 5.5, 5.14, 5.22 and 5.25 shall survive the Closing forever. The failure in any one or more instances of a party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by said party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. A breach of any representation, warranty or covenant shall not be affected by the fact that a more general or more specific representation, warranty or covenant was not also breached.

9.5 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

9.6 SEVERABILITY. The invalidity of any provision of this Agreement or portion of a provision shall not affect the validity of any other provision of this Agreement or the remaining portion of the applicable

provision.

9.7 APPLICABLE LAW. This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws of the State of Massachusetts applicable to contracts made in that State.

9.8 BINDING EFFECT; BENEFIT. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto, and their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.9 ASSIGNABILITY. This Agreement shall not be assignable by either party without the prior written consent of the other party.

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9.10 AMENDMENTS. This Agreement shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties hereto.

9.11 HEADINGS. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

9.12 REPRESENTATION. Each of the parties acknowledges that (i) each party has had an opportunity to consult with independent legal counsel concerning the terms of this Agreement before executing it; (ii) it fully understands all of the terms and conditions of this Agreement; and (iii) it is entering into this Agreement knowingly and voluntarily and without coercion, promises or representations not expressly contained herein.

9.13 ARBITRATION. Except as otherwise provided in Sections 3.5, 3.6 and 6.11 hereof, all disputes, differences, or questions arising out of or relating to this Agreement, or the validity, interpretation, breach, violation or termination thereof (including disputes arising under this Clause), shall be finally and solely determined and settled by arbitration in Boston, Massachusetts in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Such arbitration shall be conducted by a panel of three arbitrators, one of which shall be selected by Sensor and one of which shall be selected by Purchaser. The two arbitrators so selected shall mutually appoint a third arbitrator. If any Party hereto fails to appoint an arbitrator within twenty (20) days of its receipt of notice of a dispute, the other Party hereto shall select the arbitrator that was to be selected by such delinquent party. In any such arbitration proceedings, the arbitrators shall adopt and apply the provisions of the Federal Rules of Civil Procedure relating to discovery so that each party shall allow and may

obtain discovery of any matter not privileged which is relevant to the subject matter involved in the arbitration to the same extent as if such arbitration were a civil action pending in a United States District Court. The arbitrators may proceed to an award notwithstanding the failure of any Party to participate in such proceedings. The prevailing Party in the arbitration proceeding shall be entitled to an award of reasonable attorney fees incurred in connection with the arbitration in such amount as may be determined by the arbitrators. The award of the arbitrators shall be (i) the sole and exclusive remedy of the Parties, (ii) enforceable in any court of competent jurisdiction and (iii) final and binding on the Parties. Each Party irrevocably consents to personal jurisdiction and to ex parte action should any Party refuse to participate in such proceedings. Notwithstanding the foregoing, nothing herein shall preclude a Party from seeking appropriate injunctive or other interlocutory relief in any court of competent jurisdiction to enforce its rights hereunder.

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

SENSORPULSE CORP.

SPC ACQUISITION, INC.

By: _____
Title: _____

By: _____
Title: _____

TOTAL CONTROL PRODUCTS, INC.

Kevin Roach

By: _____
Title: _____

Charles Harlfinger

EXHIBIT 10.2
Press Release

Friday January 2, 4:19 pm Eastern Time

Company Press Release

SOURCE: Total Control Products, Inc.

Total Control Announces Acquisition of Signal
Conditioning And Input/Output Device Company

MELROSE PARK, Ill., Jan. 2 /PRNewswire/ -- Total Control Products, Inc. (Nasdaq: TCPS -news) today announced it signed an agreement on December 31, 1997 to acquire substantially all the assets of SensorPulse, Inc., a designer and developer of industrial signal conditioning products and networked input/output (I/O) devices located in South Easton, Massachusetts for 41,667 shares of Total Control stock and \$1,250,000 in cash and an earn out based on multiple of earnings before taxes growth per year for four years payable 50% in cash and 50% in Total Control stock. Kevin Roach, SensorPulse current President, will also enter into a 4-year employment agreement to remain in charge of the operations. SensorPulse products are principally marketed through private label arrangements, most of which have just commenced product sales.

Nicholas T. Gihl, the Chairman, Chief Executive Officer and President of Total Control stated, "Total Control's acquisition of the assets of SensorPulse represents a strategic investment in the area of signal conditioning and I/O devices, which is a natural product extension for our line of open control products. Additionally, this creates an opportunity for our distribution channel to sell products they have not had access to previously, with products we believe have a better price and performance relationship than the current competition."

Total Control designs, develops and markets products and technology for the control segment of the industrial automation market. These products range from closed architecture programmable logic controller operator interfaces to open architecture control software and systems, and are sold primarily through an international network of independent distributors with over 225 sales locations.

NOTE: Statements and projections concerning the future financial condition, results of operations and business of Total Control Products, Inc. and subsidiaries are "forward-looking" statements which are inherently uncertain. Actual performance and results are subject to many risk factors,

including changing market conditions, the timing of new product introductions by the Company, its competitors or third parties, the loss of any significant distributors, currency fluctuations, disruption in the supply of components for the Company's products, and other factors discussed in the Company's March 11, 1997 prospectus for its initial public offering.

SOURCE: Total Control Products, Inc.