SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): April 7, 2000

SUNSOURCE INC.
(Exact Name of Registrant Specified in Charter)

Delaware	1-13293	23-2874736
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3000 One Logan Square Philadelphia, PA	19103
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (215) 282-1290

(Former Name or Former Address, if Changed Since Last Report)

Exhibit Index on Page 10

Item 2. Acquisition or Disposition of Assets.

Acquisition of Axxess Technologies, Inc.

On April 7, 2000, the Company completed the acquisition of Axxess Technologies, Inc. ("Axxess") pursuant to a certain Amended and Restated Agreement and Plan of Merger dated as of April 7, 2000 entered into by and among SunSource Inc., The Hillman Group, Inc., The Hillman Group Acquisition Corp., Axxess and certain securityholders of Axxess (the "Axxess Merger Agreement").

Pursuant to the Axxess Merger Agreement, The Hillman Group Acquisition Corp., an indirect wholly owned subsidiary of the Company, was merged with and into Axxess, with Axxess as the surviving corporation in the merger. In the merger, the outstanding securities of Axxess were converted into the right to receive aggregate consideration in the amount of $110 million, less the total debt of Axxess outstanding on the closing date, and less certain transaction expenses. A portion of such consideration was paid by issuance of subordinated promissory notes to the securityholders of Axxess in the aggregate principal amount of $23 million, which notes were guaranteed by the Company. The balance of such consideration was paid in cash. The cash portion of the merger consideration was borrowed by the company under its existing revolving credit facility with PNC Bank, National Association, as agent and certain other lenders party thereto. Following the completion of the merger, Axxess became a wholly owned subsidiary of The Hillman Group, Inc., an indirect wholly owned subsidiary of the Company. The relative amount of consideration paid by the Company was determined by the parties in arms-length negotiations.

Sale of Assets of Harding Glass, Inc.

On April 13, 2000, the Company completed the sale of all of the business and related assets of Harding Glass, Inc. pursuant to a certain Asset Purchase Agreement dated as of April 12, 2000 entered into by and among VVP America, Inc., VVP America Acquisition, L.L.C., SunSource Inc., Harding Glass, Inc. and SunSub A Inc. (the "Harding Purchase Agreement").

Pursuant to the Harding Purchase Agreement, Harding Glass, Inc., an indirect wholly owned subsidiary of the Company, sold its business and related assets to VVP America Acquisition, L.L.C., for a cash purchase price in the amount of approximately $31.5 million. The relative amount of consideration paid under the Harding Purchase Agreement was determined by the parties in arms-length negotiations.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired. To be filed by amendment not later than 60 days after the date this report was required to be filed.

(b) Pro forma Financial Information.

(c) Exhibits.

Exhibit No.	Description of Document
2.1	Amended and Restated Agreement and Plan of Merger dated as of April 7, 2000 among SunSource Inc., The Hillman Group, Inc., The Hillman Group Acquisition Corp., Axxess Technologies, Inc. ("Axxess")and certain securityholders of Axxess.
2.2	Asset Purchase Agreement dated as of April 12, 2000, among VVP America, Inc., VVP America Acquisition, L.L.C., SunSource Inc., SunSource Investment Company, Inc., Harding Glass, Inc. and SunSub A Inc.
99.1	Press Release dated April 7, 2000 (Axxess)
99.2	Press Release dated April 13, 2000 (Harding)

SUNSOURCE INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

INTRODUCTION

This Form 8-K is being filed for the following transactions:

The Kar Transaction

On March 2, 2000, SunSource Inc. (the "Company") completed a transaction with GC Sun Holdings, L.P. (the "Partnership"), a newly-formed partnership affiliated with Glencoe Capital, L.L.C. ("Glencoe") of Chicago, a private equity investment firm, pursuant to a contribution agreement among the parties (the "Contribution Agreement").

Pursuant to the Contribution Agreement, the Company, through certain of its wholly owned subsidiaries, contributed all of the interests of its Kar Products Inc. subsidiary and it's A & H Bolt & Nut Company Limited subsidiary (the "Contributed Entities") to the Partnership in exchange for an aggregate 49% interest in the Partnership. Affiliates of Glencoe, together with certain other investors, contributed $22.5 million in cash in exchange for an aggregate 51% interest in the Partnership. In addition, the Partnership repaid certain intercompany indebtedness in the amount of $105 million owed to the Company. The transactions outlined above are referred to as the "Kar Transaction".

Acquisition of Axxess Technologies, Inc.

On October 27, 1999, the Company signed a definitive merger agreement to acquire Axxess Technologies, Inc. of Tempe, Arizona, a manufacturer and marketer of key duplication and identification systems ("Axxess"). The merger agreement with Axxess was amended and restated on April 7, 2000. On April 7, 2000, the Company completed the Axxess acquisition which was structured as a purchase of 100% of the stock of Axxess and repayment of its outstanding debt in exchange for $87 million in cash and $23 million in subordinated notes.

Sale of Harding Glass, Inc.

- --------------------------
On January 10, 2000, VVP America, Inc. ("VVP") signed a letter of intent to purchase the Company's Harding Glass, Inc. subsidiary ("Harding Glass"). On April 13, 2000, the Company completed the sale of substantially all of the assets of Harding Glass plus the assumption of certain liabilities aggregating $11.6 million, by VVP for a cash purchase price of approximately $31.5 million subject to certain post closing adjustments.

General
- -------
The accompanying pro forma consolidated balance sheet and pro forma consolidated statement of income give effect to all of the transactions noted above (collectively, the "Transactions").

The pro forma financial information is unaudited and assumes that the Transactions for which pro forma effects are shown occurred as of December 31, 1999 for the pro forma consolidated balance sheet and as of January 1, 1999 for the pro forma consolidated statement of income (the "Pro Forma Consolidated Financial Information").

The Pro Forma Consolidated Financial Information presented herein is not necessarily indicative of what the financial position or results of operations would have been had the Transactions occurred on those dates, nor are they necessarily indicative of the future results of operations of the Company. Management believes the pro forma adjustments reflected in the accompanying consolidated balance sheet and consolidated statement of income give effect to all material changes arising from the Transactions. The pro forma adjustments are preliminary and subject to post-closing adjustments related to the Transactions and changes in estimated fair market values of the purchased assets. The Pro Forma Consolidated Financial Information should be read in conjunction with the historical consolidated financial information and related notes included in the Company's report on Form 10-K for the year ended December 31, 1999 and report on Form 8K dated March 2, 2000.

SUNSOURCE INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1999
(UNAUDITED)
(dollars in thousands)

<TABLE>
<CAPTION>

ASSETS	Historical	Contributed Entities (a)	Axxess Acquisition (b)	Divestment of Harding Glass (c)	Pro Forma Adjustments	Pro Forma
Current assets:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Cash and cash equivalents	$ 5,186	$ (2,502)	$ 1,829	$ --	$ --	$ 4,513
Accounts receivable, net	65,141	(17,475)	8,426	--	--	56,092
Inventories	92,691	(17,968)	13,889	--	1,507(d)	90,119
Deferred income taxes	10,218	(1,085)	1,088	--	--	10,221
Net assets held for sale	35,249	--	--	(35,249)	--	--
Income taxes receivable	8,561	--	--	--	--	8,561
Other current assets	5,226	(834)	679	--	--	5,071
Total current assets	222,272	(39,864)	25,911	(35,249)	1,507	174,577
Property and equipment, net	17,282	(5,511)	52,024	--	5,202(e)	68,997
Goodwill an other intangibles, net	52,404	(20,385)	58	--	38,174(f)	70,251
Deferred financing fees	3,493	--	--	--	1,500(g)	4,993
Deferred income taxes	5,865	(797)	--	--	--	5,068
Cash surrender value of life insurance policies	14,190	--	--	--	--	14,190
Other assets	7,511	(246)	384	--	--	7,649

Total assets	$ 323,017	$ (66,803)	$ 78,377	$ (35,249)	$ 46,383	$ 345,725
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)						
Current liabilities:						
Accounts payable	$ 44,358	$ (7,658)	$ 7,605	$ --	$ --	$ 44,305
Notes payable	376	--	--	--	--	376
Current portion of capitalized lease obligations	923	--	--	--	--	923
Dividends / distributions payable	1,019	--	--	--	--	1,019
Deferred tax liability	929	--	--	--	--	929
Current portion of senior secured term loan	3,750	--	--	--	--	3,750
Accrued expenses:	--					
Salaries and wages	5,343	(1,875)	912	--	--	4,380
Income and other taxes	3,299	(1,013)	--	--	--	2,286
Accrued losses on discontinued operation	2,703	--	--	(2,703)	--	--
Other accrued expenses	23,961	(3,740)	2,161	--	--	22,382
Total current liabilities	86,661	(14,286)	10,678	(2,703)	--	80,350
Inter-company debt	--	--	--	--	--	--
Senior notes	--	--	--	--	--	--
Senior secured term loan	17,750	--	--	--	(4,000)(h)	13,750
Bank revolving credit	102,791	--	--	--	(28,666)(i)	74,125
Subordinated notes	--	--	--	--	11,000 (j)	11,000
Capitalized lease obligations	1,509	--	--	--	--	1,509
Deferred compensation	14,173	--	--	--	--	14,173
Deferred Income Taxes	--	--	976	--	--	976
Other liabilities	2,148	(1,954)	406	--	--	600
Total liabilities	225,032	(16,240)	12,060	(2,703)	(21,666)	196,483
Guaranteed preferred beneficial interests in the Company's junior subordinated debentures	115,200	--	--	--	--	115,200
Commitments and contingencies						
Stockholders' equity (deficit):						
Preferred stock, $.01 par, 1,000,000 shares authorized, none issued	--	--	--	--	--	--
Common stock, $.01 par, 20,000,000 shares authorized,	72	--	--	--	--	72
Additional paid-in capital	21,342	--	--	--	--	21,342
Retained earnings	(25,297)	(51,889)	66,317	(32,546)	68,049 (k)	24,634
Unearned compensation	(283)	--	--	--	--	(283)
Accumulated other comprehensive income	(4,344)	1,326	--	--	--	(3,018)
Treasury stock	(8,705)	--	--	--	--	(8,705)

Total stockholders' equity (deficit)	(17,215)	(50,563)	66,317	(32,546)	68,049	34,042
Total liabilities and stockholders' equity (deficit)	$ 323,017	$ (66,803)	$ 78,377	$ (35,249)	$ 46,383	$ 345,725

</TABLE>

SEE ACCOMPANYING NOTES TO PRO FORMA FINANCIAL INFORMATION

SUNSOURCE INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999
(UNAUDITED)
(dollars in thousands, except for share amounts)

<TABLE>
<CAPTION>

<S>	Historical <C>	Contributed Entities (l) <C>	Axxess Acquisition (m) <C>	Pro Forma Adjustments <C>	Pro Forma <C>
Net sales	$ 555,652	$(124,780)	$82,132	$ -	$ 513,004
Cost of sales	326,399	(38,576)	36,356	-	324,179
related to restructuring	2,130	-	-	-	2,130
Gross profit	227,123	(86,204)	45,776	-	186,695
Operating expenses:					
Selling, general and administrative expenses	218,437	(67,291)	30,849	-	181,995
Depreciation	4,272	(1,060)	11,530	1,040 (n)	15,782
Amortization	1,847	(665)	7	954 (n)	2,143
Total operating expenses	224,556	(69,016)	42,386	1,995	199,921
Transaction and other related costs					
Restructuring charges and asset write-off	8,118	(1,020)	-	-	7,098
Gain on curtailment of defined benefit pension plan	5,608	-	-	-	5,608
Equity in earnings		-	-	2,520 (o)	2,520
Other income	685	(52)	507		1,140
Income from operations	742	(16,220)	3,897	525	(11,056)
Interest expense, net	9,724	6	-	(829)(p)	8,901
Distributions on guaranteed preferred beneficial interests	12,232	-	-	-	12,232
Income (loss) from continuing operations before provision (benefit) for income taxes	(21,214)	(16,226)	3,897	1,353	(32,190)
Provision (benefit) for income taxes	(10,100)			(3,061)(q)	(13,161)

Income (loss) from continuing operations	(11,114)	(16,226)	3,897	4,414	(19,029)
Basic and diluted income (loss) per common share:					
Income (loss) from continuing operations	$ (1.65)			$ 0.65	$ (2.82)
Weighted average number of outstanding common shares	6,747,142			6,747,142	6,747,142

</TABLE>

SEE ACCOMPANYING NOTES TO PRO FORMA FINANCIAL INFORMATION

SUNSOURCE INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)
(dollars in thousands)

1. Basis of Presentation

The Pro Forma Consolidated Financial Information is unaudited and assumes that the Transactions for which the pro forma effects are shown occurred as of December 31, 1999, for the pro forma consolidated balance sheet and as of January 1, 1999, for the pro forma consolidated statement of income.

The gain on divestment of Kar Products and other non-recurring charges related to the Kar Transaction have been excluded from the accompanying pro forma consolidated statement of income as such amounts do not represent on-going income or costs of operations.

The loss on the sale of Harding Glass and results from its discontinued operations have been excluded from the accompanying pro forma consolidated statement of income as such amounts do not represent on-going income or costs of operations.

2. Pro forma adjustments to consolidated balance sheet:

(a) Adjustment to reflect the elimination of historical assets and liabilities of the Contributed Entities as of December 31, 1999.

(b) Adjustments to reflect purchased assets and liabilities of Axxess as of December 31, 1999.

(c) Adjustment to reflect the sale of Harding Glass as of December 31, 1999.

(d) Adjustment to increase inventory of Axxess to fair market value as of December 31, 1999, in accordance with Accounting Principles Board #16, Accounting for Business Combinations ("APB #16").

(e) Adjustment to increase the property, plant and equipment of Axxess to fair market value as of December 31, 1999, in accordance with APB #16.

(f) Adjustment to reflect goodwill arising from the purchase of Axxess as of December 31, 1999 in accordance with APB #16.

(g) Adjustment to reflect deferred financing fees incurred in connection with the Axxess acquisition.

(h) Adjustment to reflect repayment of outstanding senior secured term loan with net available proceeds from the Transactions.

SUNSOURCE INC. AND SUBSIDIARIES, continued

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)
(dollars in thousands)

(i) Adjustment to reflect repayment of outstanding bank revolver credit borrowing with net available proceeds from the Transactions.

(j) Adjustment to reflect the issuance of $23 million subordinated notes in connection with the Axxess acquisition net of a repayment of $12 million. Interest on the $11 million subordinated note ranges from prime plus 1% to prime plus 5% with a maximum rate at any time of 15%. Interest is compounded annually and payable upon maturity of the note. The principal under the note shall be payable in seven equal quarterly installments commencing the earlier of i) the first calendar quarter after payment in full of the term loan extended by the Company's senior lenders or ii) March 31, 2004.

(k) Adjustments to equity to reflect pro forma adjustments (d) through (j) noted above.

3. Pro forma adjustments to consolidated statement of income for the twelve months ended December 31, 1999:

(l) Adjustment to reflect elimination of the results of operations of the Contributed Entities for the twelve months ended December 31, 1999.

(m) Adjustment to include the results of operations of Axxess for the twelve months ended December 31, 1999.

(n) Adjustment to reflect APB #16 purchase accounting related to the allocation of purchase price to goodwill and property, plant & equipment in connection with the Axxess acquisition is as follows:

Axxess Technologies Inc. Calculation of Purchase Price	
Purchase price	$110,000
Acquisition-related expenses of sale	1,200
Total Purchase Price	$111,200

<TABLE>
<CAPTION>

Allocation of Total Purchase Price	Allocation Amount	Amortization Period (in Months)	Amortization Expense Year Ended Dec. 31, 1999
<S>	<C>	<C>	<C>
Inventory	$ 1,507	3	$1,507*
Property, plant & equipment	5,202	60	1,040
Goodwill	38,174	480	954
Book Value of Acquired net assets	$ 66,317		
	$111,200		

</TABLE>

*Excluded from Statement of Operations for the twelve months ended December 31, 1999.

(o) Adjustment to reflect the Company's 49% interest in the net income of the Partnership for the twelve months ended December 31, 1999 incorporating historical earnings of the Contributed Entities for the 1999 year adjusted for interest expense expected to be incurred by the Partnership based on current effective interest rates.

(p) Adjustment to reflect net decrease in interest expense resulting from the Transactions based on current effective interest rates as follows:

Transactions	Increase (Decrease) in Interest Expense
Proceeds from Kar Transaction	$(8,680)
Funding of Axxess acquisition	11,273
Proceeds from sale of Harding Glass	(3,555)
Net Decrease in Interest Expense	$ (962)

(q) Adjustment to reflect additional consolidated net tax benefits as a result of pro forma adjustments (l) through (p) noted above.

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 hereunto duly authorized.

SUNSOURCE, INC.

Date: April 24, 2000

By: /s/ Joseph M. Corvino

Joseph M. Corvino
Vice President- Finance and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
2.1	Amended and Restated Agreement and Plan of Merger dated as of April 7, 2000 among SunSource Inc., The Hillman Group, Inc., The Hillman Group Acquisition Corp., Axxess Technologies, Inc. ("Axxess")and certain securityholders of Axxess.
2.2	Asset Purchase Agreement dated as of April 12, 2000, among VVP America, Inc., VVP America Acquisition, L.L.C., SunSource Inc., SunSource Investment Company, Inc., Harding Glass, Inc. and SunSub A Inc.

99.1	Press Release dated April 7, 2000 (Axxess)
99.2	Press Release dated April 13, 2000 (Harding)

EXHIBIT 2.1

AMENDED AND RESTATED

AGREEMENT AND PLAN OF MERGER

among

SUNSOURCE INC.,

THE HILLMAN GROUP INC.,

THE HILLMAN GROUP ACQUISITION CORP.,

AXXESS TECHNOLOGIES, INC.

and

CERTAIN STOCKHOLDERS AND OPTIONHOLDERS OF

AXXESS TECHNOLOGIES, INC.

April 7, 2000

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B	Certificate of Merger
C	Form of Opinion of Willkie Farr & Gallagher
D	Form of Opinion of Mariscal, Weeks, McIntyre & Friedlander, P.A.
E	Form of Opinion of Morgan, Lewis & Bockius LLP
F-1	Form of Axxess Note
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Schedules

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4.2 Validity of Contemplated Transactions
7.6 Restricted Sellers
9.6 Customer Notices
13.7 Notices

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

THIS AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER is made as of the 7th day of April, 2000 by and among SunSource Inc., a Delaware corporation ("SunSource"), The Hillman Group, Inc., a Delaware corporation (the "Buyer"), The Hillman Group Acquisition Corp., a Delaware corporation (the "Acquisition Company," and together with the Buyer and SunSource, the "Buyer Parties"), Axxess Technologies, Inc., a Delaware corporation (the "Company"), and the Persons listed on the signature page hereto (the "Securityholders," and together with the Company, the "Seller Parties" and with the Buyer Parties, the "Parties"). Certain other terms are used herein as defined below in Section 1 or elsewhere in this Agreement.

Background

A. The respective Boards of Directors of the Company and the Acquisition Company have approved a merger (the "Merger") of the Acquisition Company with and into the Company in accordance with the Delaware General Corporation Law (the "DGCL"), on the terms and conditions set forth herein. The Merger provides for the payment of the consideration specified in Section 2.6 to the holders of the Company's equity securities. The stockholders representing at least a majority of the outstanding shares of the Company's outstanding Common Stock have agreed to vote their shares in favor of the Merger.

B. In connection with the Merger, the Parties previously entered into an Agreement and Plan of Merger, dated as of October 27, 1999 (the "Original Agreement").

C. The Parties now desire to amend and restate the Original Agreement in its entirety as set forth in this Agreement.

WITNESSETH:

In consideration of the mutual promises, representations and warranties, covenants, payments and actions herein provided, the parties hereto, each intending to be legally bound hereby, do agree as follows:

1. Definitions.

For convenience, certain terms used in this Agreement are listed in alphabetical order and defined or referred to below (such terms as well as any other terms defined elsewhere in this Agreement shall be equally applicable to both singular and plural forms of the terms defined).

"1998 Matters" means those matters set forth in the letter dated of even date herewith delivered by the Company to Sunsource.

"Accounts Receivable" means, as of any date, any trade accounts receivable and notes receivable.

"Acquisition Proposal" is defined in Section 7.5(b).

"Affiliates" means, with respect to a particular Party, Persons or entities controlling, controlled by or under common control with that Party.

"Aggregate Axxess Note Amount" means the amount of $7,000,000.

"Agreement" means this Agreement and the Exhibits and Disclosure Schedules hereto.

"Assets" means all of the assets of every kind and description, real and personal, tangible and intangible, that are owned or possessed by any

Person.

"Axxess Note" shall mean one of a series of subordinated notes made by the Surviving Corporation in the aggregate principal amount of the Aggregate Axxess Note Amount, in the form attached hereto as Exhibit "F-1."

"Balance Sheet Date" is defined in Section 3.5.

"Benefit Plan" means any (y) "employee benefit plan" as defined in Section 3(3) of ERISA, and (z) supplemental retirement, bonus, deferred compensation, severance, incentive plan, program or arrangement or other employee fringe benefit plan, program or arrangement.

"Business" means the entire business and operations of the Company.

"Business Day" means any day other than a Saturday or Sunday, or a day on which the banking institutions of the Commonwealth of Pennsylvania are authorized or obligated by law or executive order to close.

"Buyer" is defined above in the preamble.

"Buyer Parties" is defined above in the preamble.

"Certificate of Merger" is defined in Section 2.2.

"Charter Documents" means a Person's certificate or articles of incorporation, certificate defining the rights and preferences of securities, articles of organization, general or limited partnership agreement, certificate of limited partnership, joint venture agreement or similar document governing the entity.

"Closing" is defined in Section 2.12.

"Closing Balance Sheet" is defined in Section 2.14(a).

"Closing Date" is the date on which the Closing is held.

"Closing Net Worth" is defined in Section 2.14(a).

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

"Common Base Number" is defined in Section 2.6(e).

"Common Holder" is defined in Section 2.9(a).

"Common Merger Consideration" is defined in Section 2.6(c).

"Common Shares" is defined in Section 2.6(c).

"Company" is defined above in the preamble.

"Company Balance Sheet" is defined in Section 3.5.

"Company's knowledge" or "knowledge of the Company" means the actual knowledge of any Securityholder or of any director or officer of the Company.

"Controlled Affiliate," with respect to a particular Person, means an Affiliate of such Person that is controlled by such Person.

"Contract" means any written or oral contract, agreement, lease, instrument, or other document or commitment, arrangement, undertaking, practice or authorization that is binding on any Person or its property under any applicable Law.

"Copyrights" means all copyrights in both published and unpublished works and all registrations and applications for registration for copyrights in any jurisdiction, and any renewals, modifications and extensions thereof, owned, used or licensed, directly or indirectly, by the Company.

"Court Order" means any judgment, decree, injunction, order or ruling of any federal, state, local or foreign court or governmental or regulatory body or authority that is binding on any person or its property under applicable Law.

"Credit Agreement" is defined in Section 2.13(d).

"Damages" is defined in Section 11.1.

"Default" means (a) a breach, default or violation, (b) the occurrence of an event that with or without the passage of time or the giving of notice, or both, would constitute a breach, default or

violation or cause an Encumbrance to arise, or (c) with respect to any Contract, the occurrence of an event that with or without the passage of time or the giving of notice, or both, would give rise to a right of termination, renegotiation or acceleration or a right to receive damages or a payment of penalties.

"Dissenting Shares" is defined in Section 2.8.

"Effective Time" is defined in Section 2.2.

"Encumbrances" means any lien, mortgage, security interest, pledge, restriction on transferability, defect of title or other claim, charge or encumbrance of any nature whatsoever on any property or property interest, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"Environmental Condition" is defined in Section 3.15(b).

"Environmental Law" means all Laws and Court Orders in existence as of the Closing Date relating to pollution or protection of the environment.

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

"Escrow Account" is defined in Section 2.6(j).

"Escrow Agent" means Chase Manhattan Trust Company, National Association.

"Escrow Agreement" means the escrow agreement among the Holders' Representative, the Buyer Parties and the Escrow Agent in substantially the same form as Exhibit "A."

"Escrow Funds" is defined in Section 2.6(j).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted US accounting principles.

"Governmental Permits" means all governmental permits, licenses, registrations, certificates of occupancy, approvals and other governmental authorizations.

"Hazardous Substances" means (a) any "hazardous substance" as defined by the federal Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.ss.ss.9601 et seq., (b) any "extremely hazardous substance," "hazardous chemical," or "toxic chemical" as those terms are defined by the federal Emergency Planning and Community Right-to-Know Act, 42 U.S.C. ss.ss.11001 et seq., (c) any "hazardous waste," as defined under the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C.ss.ss.6901 et seq., (d) any

"pollutant," as defined under the federal Water Pollution Control Act, 33 U.S.C. ss.ss. 1251 et seq., as any of such laws in clauses (a) through (d) as amended, and (e) any regulated substance or waste under any Laws or Court Orders that have been or will be enacted, promulgated or issued by any federal, state or local governmental authorities concerning protection of the environment.

"Holder" is defined in Section 2.9(a).

"Holders' Representative" is defined in Section 11.3.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Party" is defined in Section 11.1.

"Indemnified Person" is defined in Section 8.4(b).

"Intellectual Property" means any Copyrights, Patents, Trademarks, Trade Secrets and any applications therefor and any Internet domain names registered to the Company.

"Inventory" means all inventory of the Company, including raw materials, supplies, packaging supplies, work in process and finished goods.

"Law" means any statute, law, ordinance, regulation, order or rule of any federal, state, local, foreign or other governmental or quasi-governmental agency or body or of any other type of regulatory body, including those covering environmental, energy, safety, health, transportation, bribery, record keeping, zoning, antidiscrimination, antitrust, wage and hour, and price and wage control matters.

"Lenders" is defined in Section 2.13(d).

"Liability" means any direct or indirect liability, indebtedness, obligation, expense, claim, loss, damage, deficiency, guaranty or endorsement of or by any person, absolute or contingent, accrued or unaccrued, due or to become due, liquidated or unliquidated.

"Litigation" means any lawsuit, action, arbitration, administrative, quasi-administrative or other proceeding, criminal prosecution or governmental investigation or inquiry.

"Material Adverse Effect" means a material adverse effect on the business, properties, operations or condition (financial or otherwise) of the Company.

"Merger" is defined above in the Background section.

"Merger Consideration" means the Series A Merger Consideration, the Series B Merger Consideration and the Common Merger Consideration.

"Minor Contract" is defined in Section 3.16(a).

"Net Common Consideration" is defined in Section 2.6(e).

"Non-Competition Period" is defined in Section 7.6.

"Non-Real Estate Leases" is defined in Section 3.9.

"Off-the-Shelf Software" means any applications software that is licensed to the Company by a third party in its standard, unmodified condition pursuant to a "shrinkwrap," "clickwrap" or other standard license agreement for a one-time license fee of $5,000 or less.

"Option" is defined in Section 2.6(d).

"Option Cancellation Acknowledgment" is defined in Section 2.6(d).

"Option Shares" is defined in Section 2.6(d).

"Optionholder Consideration" is defined in Section 2.6(d).

"Ordinary course" or "ordinary course of business" means the ordinary course of business for the Company that is consistent with its past practices, and when used in connection with Liabilities, such phrase excludes, among other things, Liabilities related to any breach of a Contract, any breach of warranty, any breach of a Law, any tort, products liability and workmen's compensation.

"Outstanding Tax Audits" means the outstanding Tax Audits described on Schedule 3.13.

"Participating Common Holder" is defined in Section 2.6(e).

"Parties" is defined above in the preamble.

"Patents" means all patents together with any extensions, reexaminations and reissues of such patents, patents of addition, patent applications, divisions, continuations, continuations-in-part, and any subsequent filings in any country or jurisdiction claiming priority therefrom, owned, used or licensed, directly or indirectly, by the Company.

"Person" means any natural person, business trust, corporation, partnership, limited liability company, joint stock company, proprietorship, association, trust, joint venture, unincorporated association or any other legal entity of whatever nature.

"Prime Rate" means the prime lending rate as announced from time to time in The Wall Street Journal.

"Pro Rata Escrow Share" means, for each Participating Common Holder, $2.4 million multiplied by such Participating Common Holder's Pro Rata Share.

"Pro Rata Share" means, for each Participating Common Holder, a fraction, the numerator of which equals the aggregate Common Merger Consideration (for consideration paid under Section 2.6(c)) plus the aggregate Optionholder Consideration (for consideration paid under Section 2.6(d)) paid to such Participating Common Holder, and the denominator of which equals the Net Common Consideration.

"Real Property" is defined in Section 3.7.

"Reasonable Best Efforts" means the efforts that a prudent Person

desirous of achieving a result would use in similar circumstances to ensure that such result is achieved.

"Release" means any release, spill, emission, leaching, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property.

"Required Consents" is defined in Section 3.3.

"Scheduled Environmental Matters" means any Liability arising out of, relating to, or as a result of the matters identified on Schedule 3.15(b).

"Securities Act" means the Securities Act of 1933, as amended.

"Securityholder Documents" is defined in Section 2.9(a).

"Securityholders" is defined above in the preamble.

"Seller Parties" is defined above in the preamble.

"Series A Preferred Stock" means the Series A Preferred Stock, par value $0.01 per share, of the Company.

"Series A Shares" is defined in Section 2.6(a).

"Series B Preferred Stock" means the Series B Preferred Stock, par value $0.01 per share, of the Company.

"Series B Shares" is defined in Section 2.6(b).

"Shares" means any Common Shares, Series A Shares or Series B Shares.

"Software" means any computer software of any nature whatsoever, including all systems software, all applications software, whether for general business usage (e.g., accounting, finance, word processing, graphics, spreadsheet analysis, etc.) or specific, unique-to-the-business usage (e.g., purchase or service order processing, etc.), all computer operating, security or programming software, and all firmware, that is owned by or licensed to the Company or used, or has been developed or designed for or is in the process of being developed or designed for use, directly or indirectly, by the Company, and any and all documentation and object and source codes related thereto.

"SunSource Credit Agreement" means that certain Revolving Credit, Term Loan, Guaranty and Security Agreement dated December 15, 1999 entered into among SunSource, certain Affiliates of SunSource, the Agent and the other lenders party thereto.

"SunSource Financial Statements" is defined in Section 5.7.

"Taxes" means all taxes, duties, charges, fees, levies or other assessments imposed by any taxing authority including income, gross receipts, value-added, excise, withholding, personal property, real estate, sale, use, ad valorem, license, lease, service, severance, stamp, transfer, payroll, employment, customs, duties, alternative, add-on minimum, estimated and franchise taxes (including any interest, penalties or additions attributable to or imposed on or with respect to any such assessment).

"Termination Date" means April 15, 2000.

"Total Debt" is defined in Section 2.13.

"Trade Secrets" means all know-how, trade secrets, customer lists, personnel information, sales and profit figures, distribution and sales methods, supplier lists, technology rights and licenses, specifications and other technical information, data, process technology, plans, drawings (including engineering and auto-cad drawings), innovations, designs, ideas, proprietary information and blue prints, owned, used or licensed either directly or indirectly (as licensor or licensee) by the Company except to the extent that any such item is generally available to the public.

"Trademarks" means trademarks, service marks, trademark and service mark applications, brand names, certification marks, trade dress, goodwill associated with the foregoing, and all registrations in any jurisdictions of, and all applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application owned, used or licensed, directly or indirectly, by the Company.

"Transaction Documents" means this Agreement, the Certificate of Merger, any Axxess Note, the Warburg 2000 Note, the Warburg 2002 Note and the Escrow Agreement.

"Transaction Expenses" is defined in Section 2.6(e).

"Transactions" means the Merger and the other transactions contemplated by the Transaction Documents.

"US" means the United States of America.

"Warburg 2000 Note" shall mean a subordinated note of the Surviving Corporation issued to WPI in the aggregate principal amount of the Warburg 2000 Note Amount, in the form attached hereto as Exhibit "F-2."

"Warburg 2002 Note" shall mean a subordinated note of the Surviving Corporation issued to WPI in the aggregate principal amount of the Warburg 2002 Note Amount, in the form attached hereto as Exhibit "F-3."

"Warburg 2000 Note Amount" means the amount of $5,000,000.

"Warburg 2002 Note Amount" means the amount of $11,000,000.

"WPI" means Warburg, Pincus Investors, L.P.

"Welfare Plan" is defined in Section 3.21(g).

"Wells Fargo" is defined in Section 2.13(d).

2. The Merger.

2.1 The Merger. Upon the terms and subject to the conditions hereof, and in accordance with the relevant provisions of the DGCL, the Acquisition Company shall be merged with and into the Company as soon as practicable following the satisfaction or waiver of the conditions set forth in Sections 9 and 10. Following the Merger, the Company shall continue as the surviving corporation (the "Surviving Corporation") under the name "Axxess Technologies, Inc." and shall continue its existence under the laws of the State of Delaware, and the separate corporate existence of the Acquisition Company shall cease.

2.2 Effective Time. The Merger shall be consummated by filing with the Delaware Secretary of State a certificate of merger in the form attached hereto as Exhibit "B" (the "Certificate of Merger"), as is required by, and executed in accordance with, the relevant provisions of the DGCL. The Merger shall become effective at the time of the filing of the Certificate of Merger (the "Effective Time").

2.3 Effects of the Merger. The Merger shall have the effects set forth in the DGCL.

2.4 Certificate of Incorporation and Bylaws. The certificate of incorporation of the Acquisition Company shall be the certificate of incorporation of the Surviving Corporation at the

Effective Time. The bylaws of the Acquisition Company shall be the bylaws of the Surviving Corporation at the Effective Time.

2.5 Directors and Officers . The directors and officers of the Acquisition Company, whose names are set forth in Schedule 2.5, shall be the directors and officers of the Surviving Corporation at the Effective Time.

2.6 Conversion of Shares and Options.

(a) Each share of the Series A Preferred Stock issued and outstanding immediately prior to the Effective Time (collectively, the "Series A Shares") shall, by virtue of the Merger and without any action on the part of the Buyer, the Company or the Holder (defined below) thereof, be converted into the right to receive a payment in the amount of $3306.596 plus $0.827 per day for each day following the date hereof through the Closing Date (the "Series A Merger Consideration"). Any shares of Series A Preferred Stock held in the treasury of the Company shall be canceled.

A portion of the Series A Merger Consideration due to WPI as the holder of the Series A Shares in an amount equal to the Warburg 2000 Note Amount shall be paid to WPI by issuance of the Warburg 2000 Note, and the balance of the Series A Merger Consideration shall be paid to WPI in cash.

(b) Each share of the Series B Preferred Stock issued and outstanding immediately prior to the Effective Time (collectively, the "Series B Shares") shall, by virtue of the Merger and without any action on the part of the Buyer, the Company or the Holder thereof, be converted into the right to receive a payment in the amount of $1,651.593 plus $0.413 per day for each day following the date hereof through the Closing Date (the "Series B Merger Consideration"). Any shares of Series B Preferred Stock held in the treasury of the Company shall be canceled.

A portion of the Series B Merger Consideration due to WPI as the holder of the

Series B Shares in an amount equal to the Warburg 2002 Note Amount shall be paid to WPI by issuance of the Warburg 2002 Note, and the balance of the Series B Merger Consideration shall be paid to WPI in cash.

(c) Each share of the Common Stock issued and outstanding immediately prior to the Effective Time (collectively, the "Common Shares") (other than Dissenting Shares, defined below) shall, by virtue of the Merger and without any action on the part of the Buyer, the Company or the Holder thereof, be converted into the right to receive, except as otherwise provided in Section 2.6(g), an amount that shall be determined according to Section 2.6(e) (the "Common Merger Consideration"). Any shares of Common Stock held in the treasury of the Company shall be canceled.

(d) Each option to acquire Common Stock of the Company that is outstanding immediately prior to the Effective Time, whether or not exercisable at such time (an "Option"), shall, by virtue of the Merger and without any action on the part of the Buyer, the Company or the Holder

thereof except as provided below in this paragraph (d), be converted into the right to receive, except as otherwise provided in Section 2.6(g), an amount equal to the Common Merger Consideration allocable to the shares of Common Stock then subject to the Option (the "Option Shares") minus the aggregate exercise price of the Option for acquisition of the Option Shares ("Optionholder Consideration"), upon delivery of an executed acknowledgment of the cancellation of the Option (an "Option Cancellation Acknowledgment").

(e) The aggregate consideration payable in the Merger (the "Net Common Consideration") with respect to all Common Shares outstanding immediately prior to the Effective Time and all Option Shares issuable upon the exercise of Options that are outstanding immediately prior to the Effective Time shall be an amount equal to $110 million plus the aggregate exercise price of the Options, less the sum of (i) the Total Debt, (ii) the Series A Merger Consideration, (iii) the Series B Merger Consideration and (iv) any expenses paid or payable by the Company with respect to the Transactions for accounting, legal, tax, finders fees, facilitation fees or fees for advisory or other services, including all fees and expenses payable in connection with the Transactions to Deutsche Banc Alex. Brown Incorporated and Willkie Farr & Gallagher (collectively, "Transaction Expenses"), in excess of $2,250,000, which amount of Transaction Expenses shall be borne by WPI. Such total number of outstanding Common Shares and issuable Option Shares is referred to herein as the "Common Base Number." The Common Merger Consideration payable with respect to each Common Share and each Option Share as to which a Common Holder has returned its Securityholder Documents (a "Participating Common Holder") shall be an amount equal to the quotient (rounded to the nearest $.01) obtained by dividing (x) the Net Common Consideration by (y) the Common Base Number (the "Common Consideration Payment Amount"). Each Common Holder's Common Consideration Payment Amount shall be apportioned between an Axxess Note and cash as follows: (a) such Common Holder's Pro Rata Share of the Aggregate Axxess Note Amount, in the form of an Axxess Note, and (b) the remainder payable in cash.

(f) The Surviving Corporation shall pay the Series A Merger Consideration and Series B Merger Consideration at the Closing upon the surrender of the Securityholder Documents specified below or at such later date when such documents may be surrendered.

(g) The Surviving Corporation shall pay the Net Common Consideration as follows:

(i) $2.4 million of the Net Common Consideration (in the form of an Axxess Note in the aggregate principal amount of $2.4 million) shall be deposited on the Closing Date into an escrow account to be established with the Escrow Agent pursuant to the Escrow Agreement and, except as otherwise provided by Section 12, the Escrow Agent shall distribute such amount together with any investment income earned thereon from and after the Closing Date (the "Escrow Funds") in accordance with Section 2.10 and the Escrow Agreement; and

(ii) an amount equal to the Net Common Consideration less $2.4 million (the "Closing Common Consideration") will be payable at the Effective Time upon the surrender of the Securityholder Documents specified below or at such later date when such documents may be surrendered; the Surviving Corporation shall pay to each Participating Common Holder an amount equal to the product of (A) a fraction, the numerator of which is the aggregate of the number of Common Shares and Option Shares with respect to which the Participating Holder has provided the appropriate Securityholder Documents and the denominator of which is the Common Base Number, and (B) the Closing Common Consideration. In the case of any Participating Common Holder who has returned Securityholder Documents with respect to Option Shares, the Surviving Corporation

shall deduct from the amount payable to such Participating Common Holder and retain an amount equal to the aggregate exercise price for such Option Shares.

(h) The Buyer shall take all steps necessary to provide the Surviving Corporation with funds, as of the Effective Time, in an amount sufficient to make all the payments contemplated by Section 2.6 at the Effective Time.

2.7 Conversion of Acquisition Company Capital Stock. Each share of capital stock of the Acquisition Company issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the Buyer, the Company or the Holder thereof, be converted into one share of common stock of the Surviving Corporation.

2.8 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, the Common Shares that are issued and outstanding immediately prior to the Effective Time and that are held by stockholders who did not vote in favor of the Merger and who comply with all of the relevant provisions of Section 262 of the DGCL (the "Dissenting Shares") shall not be converted into or represent the right to receive the Common Merger Consideration, unless and until such Holders shall have failed to perfect or shall have effectively withdrawn or lost their rights to appraisal under the DGCL; and any such stockholder shall have only such rights in respect of the Dissenting Shares owned by them as are provided by Section 262 of the DGCL. If any such Holder shall have failed to perfect or shall have effectively withdrawn or lost such right, such Holder's Dissenting Shares shall thereupon be deemed to have been converted into and to have become exchangeable, as of the Effective Time, for the right to receive the Common Merger Consideration without any interest thereon, pursuant to the terms of Section 2.6(c). Prior to the Effective Time, the Company will not, except with the prior written consent of the Buyer, voluntarily make any payment with respect to, or settle or offer to settle, any claim made by the stockholders owning the Dissenting Shares.

2.9 Exchange of Shares and Options.

(a) The Surviving Corporation shall pay in same day funds to each record holder (a "Holder"), as of the Effective Time, (i) of an outstanding certificate or certificates that immediately prior to the Effective Time represented Shares (the "Certificates"), or (ii) of an

outstanding Option that immediately prior to the Effective Time entitled the Holder to acquire Option Shares, upon surrender of the respective Securityholder Documents (defined below), the appropriate amount specified in Section 2.6. The Common Merger Consideration payable with respect to any Common Shares or Option Shares shall be allocated in accordance with Section 2.6 between the initial amount to be paid upon surrender of the appropriate Securityholder Documents and the remaining amount to be paid from the Escrow Funds. The documents to be delivered by Holders of Shares and Options at and after the Effective Time (the "Securityholder Documents") shall be (i) in the case of Shares, the Certificates representing the Shares and a duly executed letter of transmittal in the form provided by the Buyer and (ii) in the case of the Options, a duly executed Option Cancellation Acknowledgment. All such surrendered Certificates shall be canceled upon their delivery and payment in respect thereof as provided herein. The term "Common Holder" means any Holder who is a record holder, as of the Effective Time, of any Certificates representing Common Shares or of any Options, or both.

(b) If any Certificate is not so surrendered at the Effective Time, promptly thereafter the Surviving Corporation shall mail to the Holder thereof a second letter of transmittal (which shall specify that delivery shall be effected, and risk of loss of title to such Certificate shall pass, only upon proper delivery of the Certificate and such letter of transmittal to the Surviving Corporation) and instructions for effecting the surrender of such Certificate in exchange for the payment to be made therefor pursuant to Section 2.6. Upon surrender to the Surviving Corporation of such Certificate, together with such letter of transmittal, the Holder of the Certificate shall be paid in exchange therefor cash in accordance with Section 2.6.

(c) No interest will be paid or accrued on the amounts payable upon the surrender of the Securityholder Documents. If payment is to be made to a Person other than the Person in whose name a Certificate surrendered is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the Person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a Person other than the Holder of the Certificate surrendered or shall establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable. Until surrendered in accordance with the provisions of this Section 2.9, each Certificate (other than Certificates evidencing Dissenting Shares) shall represent for all purposes solely the right to receive the Merger Consideration in cash allocated to the number of Shares evidenced by such Certificate.

2.10 Payment of Escrow Funds.

(a) The Escrow Agent shall pay the Escrow Funds to the Participating Common Holders in accordance with this Section 2.10 and pursuant to the terms and conditions of the Escrow Agreement. On each payment date specified below, the Escrow Agent shall pay to each Participating Common Holder an amount equal to the product of (a) such Participating Common Holder's Pro Rata Share multiplied by (b) the aggregate amount of the Escrow Funds to be paid on such payment date pursuant to this Section 2.10, as reduced pursuant to paragraph (b), (c) or (d) below, as appropriate.

(b) On the first anniversary of the Closing Date, the Participating Common Holders shall be paid an amount (the "Anniversary Escrow Payment") equal to the Escrow Funds remaining, less (i) the amount of any unresolved claims for indemnification under Section 11.1 other than claims related to any 1998 Matters and, with respect to a particular Participating Common Holder, any claims for indemnification against such Participating Holder under Section 11.2 (collectively, "Unresolved Claims") and (ii) either (x) $1 million unless, by such time, either the applicable statute of limitations has expired without challenge with respect to the 1998 Matters or the IRS has challenged and resolved the 1998 Matters (the "1998 Holdback"), or (y) if resolved, the amount, if any, required to be paid to resolve the 1998 Matters (unless previously paid from the Escrow Funds).

(c) On the date that is the earlier of (x) five Business Days after the date on which the applicable statute of limitations has expired without challenge with respect to the 1998 Matters or (y) if the IRS has challenged the manner in which the Company has accounted for the 1998 Matters, five Business Days after the date on which such challenge has been resolved and is final, an amount equal to the Escrow Funds remaining, less (i) $1,400,000, if the Anniversary Escrow Payment has not been made, (ii) the amount of any then Unresolved Claims (not including amounts required to be paid to resolve the 1998 Matters) and (iii) the amount, if any, required to be paid to resolve the 1998 Matters (unless previously paid from Escrow Funds).

(d) To the extent that any payment to the Participating Common Holders pursuant to clauses (b) or (c) above is reduced as a result of the pendency of an Unresolved Claim, the parties hereto agree to pay to the Participating Common Holders an amount equal to the difference between the amount so withheld and the amount, if any, finally agreed to be owing to the Buyer in respect of such Unresolved Claim (if less than the amount withheld) within five Business Days of the resolution of such Unresolved Claim.

(e) The Holders' Representative and the Buyer shall provide joint written directions to the Escrow Agent on each of the foregoing dates as to the amount of Escrow Funds to be disbursed on such date.

(f) Upon the payment of any principal amounts due under any Axxess Notes being held in escrow, such payments shall be made directly to the Escrow Agent, and such amounts shall thereafter be deemed a portion of the Escrow Funds. All payments to be made from the Escrow Funds to Participating Common Holders shall be made via delivery to such Participating Common Holder of a Axxess Note having an aggregate principal amount equal to the product of (x) such Participating Common Holder's Pro Rata Escrow Share and (y) the applicable aggregate Escrow Fund payment amount or if such Axxess Notes have been repaid and replaced with cash, a cash payment in the same amount. For purposes of any Escrow Fund payments in Axxess Notes, the value of the Axxess Notes for purposes of determining the amount of any compensation payable shall be the principal amount thereof . Notwithstanding anything herein to the contrary, at the end

of each 12-month period, any "in kind" or "PIK" interest paid in respect of Axxess Notes being held in escrow shall be paid directly to the holders of such Axxess Notes.

(g) Any payments to be made from the Escrow Funds to any Buyer Indemnified Party for any Claims to be paid to such Buyer Indemnified Party from the Escrow Funds pursuant to Section 11.4 shall be made via a reduction of the principal amount of each Axxess Note held by the Escrow Agent in an amount equal to the product of (x) the Participating Common Holder's Pro Rata Share that holds each such Axxess Note and (y) the aggregate amount of such payment of Escrow Funds, or if such Axxess Notes have been repaid and replaced with cash, a cash payment in the same amount.

2.11 No Further Transfer of Shares. After the Effective Time, there shall be no transfers of Shares that were outstanding immediately prior to the Effective Time on the stock transfer books of the Surviving Corporation. If, after the Effective Time, Certificates are presented to the Surviving Corporation for transfer, they shall be canceled and exchanged for cash as provided in this Section 2. At the close of business on the day of the Effective Time, the stock ledger of the Company shall be closed.

2.12 Closing. A closing for the Transaction (the "Closing") will be held at the offices of Morgan, Lewis & Bockius LLP, and subject to the satisfaction or waiver of the conditions set forth in Sections 9 and 10, the Closing Date will be such date as the Buyer and the Company shall mutually agree, but in no event later than the Termination Date or at such other place and on such other date as the Company and the Buyer may agree in writing.

2.13 Closing Deliveries. At the Closing:

(a) the Surviving Corporation shall file with the Delaware Secretary of State a duly executed and verified Certificate of Merger, as required by the DGCL, and the parties shall take all such other and further actions as may be required by law to make the Merger effective upon the terms and subject to the conditions hereof;

(b) the Buyer shall pay in accordance with Section 2.6 the Series A Merger Consideration, the Series B Merger Consideration and the Closing Common Consideration to the Holders who shall have delivered their Securityholder Documents in accordance with Section 2.9;

(c) the Buyer shall pay in accordance with Section 2.6 the Escrow Funds, to the Escrow Agent;

(d) the Company shall deliver to the Buyer a letter from Wells Fargo Bank, National Association ("Wells Fargo"), as agent for the lenders under the $52 million Amended and Restated Credit Agreement, dated as of October 20, 1998, as amended (the "Credit Agreement"), by and among Wells Fargo, as agent, BankBoston, N.A., Imperial Bank and Wells Fargo, as lender (collectively, the "Lenders"), specifying the aggregate amount required to discharge all Liabilities

of the Company under the Credit Agreement as of the Closing Date (collectively, the "Total Debt"), and on behalf of the Company, the Buyer shall pay such amount to Wells Fargo, as agent for the Lenders; and

(e) the Company shall deliver to the Buyer a certificate representing the total amount of Transaction Expenses and the Persons to whom such expenses are owed, and on behalf of the Company, the Buyer shall pay the Transaction Expenses to such Persons, net of the $2,250,000 in Transaction Expenses to be borne by WPI.

Any payment to be made in cash at the Closing shall be made by a wire transfer of immediately available funds unless the intended recipient agrees otherwise in writing.

2.14 Post-Closing Merger Consideration Adjustment.

(a) The Merger Consideration shall be adjusted on a dollar-for-dollar basis (the "Adjustment") to the extent that the Closing Net Worth (defined below) is less than $66.0 million. Ernst & Young LLP (the "Seller's Accountant") shall perform by June 15, 2000 a review of the balance sheet of the Company as of the Closing Date (the "Closing Balance Sheet") in accordance with the AICPA Statement of Standards for Accounting and Review Services (SSARS) #1 and issue a report thereon. The Closing Balance Sheet shall be prepared by the Company in accordance with GAAP, consistent with past practices. Using the financial statements upon which the Seller's Accountant performed the SSARS #1 review, the Seller's Accountant shall also prepare a special procedures report in accordance with Statement of Auditing Standards #75 which shall set forth a calculation of "Closing Net Worth" in accordance with this Agreement. The Seller's Accountant shall deliver the Closing Net Worth calculation and such computation to both Buyer and the Holders' Representative, and promptly after its receipt of such computation, the Buyer shall give the Holders' Representative notice (the "Adjustment Notice") of any proposed Adjustment (the "Proposed Adjustment") unless the Buyer gives a Dispute Notice in accordance with Section 2.14(b). The Buyer shall also be entitled to access to all work papers and all other supporting accounting documents of the Seller's Accountant related to such determinations. In addition, the Buyer and Buyer's accountant, PricewaterhouseCoopers LLP, shall be entitled to ask questions, receive answers and request such other data and information from the Seller's Accountant as shall be reasonable under the circumstances. "Closing Net Worth" means, as of the Closing Date, the total Assets of the Company minus the total Liabilities of the Company (excluding the Total Debt and deferred financing fees). The Adjustment, if any, shall earn interest from the Closing Date until the Settlement Date, as defined below, at a rate equal to the short-term AFR rate published in the Wall Street Journal on the Closing Date.

(b) The Buyer may dispute the Closing Net Worth calculation as provided in this paragraph (b). The Buyer shall give the Holders' Representative notice of any disagreement that it may have with the Closing Net Worth calculation (the "Dispute Notice") within 60 days after the Buyer receives the Closing Balance Sheet, and the Dispute Notice shall specify in reasonable detail the nature of the disagreement. During the 30 days after the date on which the

Dispute Notice is

given, the Holders' Representative and the Buyer shall attempt, in good faith, to resolve such dispute. If they fail to reach a written agreement regarding the dispute within such 30-day period (or such longer period to which they may agree in writing), the Buyer and the Holders' Representative shall present the disputed items concerning the Adjustment to the accounting firm of Deloitte & Touche LLP (the "Independent Accountant") for resolution. If the Independent Accountant is engaged, then (i) the Holders' Representative and the Buyer shall submit to the Independent Accountant in writing not later than 15 days after the Independent Accountant is engaged their respective positions with respect to the Closing Net Worth Calculation, together with such supporting documentation as they deem necessary or as the Independent Accountant requests, and (ii) the Holders' Representative and the Buyer shall request the Independent Accountant to render its decision regarding the Closing Net Worth calculation as promptly as practical, which decision shall be final and binding on, and nonappealable by, the Holders' Representative and the Buyer. The costs of engaging the Independent Accountant shall be shall be borne (i) by the Common Holders in the proportion that the dollar amount of the disputed Closing Net Worth submitted that is successfully disputed by the Buyer (as finally determined by the Independent Accountant) bears to the aggregate dollar amount of the disputed Closing Net Worth and (ii) by the Buyer in the proportion that the dollar amount of the disputed Closing Net Worth submitted that is successfully disputed by the Buyer (as finally determined by the Independent Accountant) bears to the aggregate dollar amount of the disputed Closing Net Worth.

(c) If there is an Adjustment, the Securityholders in accordance with their Pro Rata Shares shall pay the Adjustment and any interest accrued thereon to the Buyer by a wire transfer of immediately available funds within 15 days after the resolution of the dispute in accordance with the terms hereof. Such date by which payment of the Adjustment is to be made is referred to as the "Settlement Date."

(d) If an Adjustment payment is not paid by the Settlement Date, the Party obligated to make such payment shall also pay to the party entitled to receive the Adjustment payment interest on the amount of the Adjustment at a rate of 15% per annum, which shall accrue from the Settlement Date to the date of actual payment.

3. Representations and Warranties of the Company.

The Company represents and warrants to the Buyer Parties as follows, as of the date hereof and also at and as of the Closing Date as though then made (except to the extent such representations and warranties speak as of an earlier date or are inaccurate due to actions specifically contemplated hereby):

3.1 Corporate. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and is qualified to do business as a foreign corporation in any jurisdiction where such corporation is required to be so qualified to avoid liability or disadvantage, except where the failure to be so qualified would not have a Material Adverse Effect. The Company has delivered to the Buyer current, correct and complete copies of the

Company's Charter Documents and bylaws, both of which are in full force and effect. Schedule 3.1 lists with respect to the Company its jurisdiction of incorporation, officers and directors and states in which it is qualified to do business as a foreign corporation.

3.2 Authorization. The Company has the requisite power and authority to lease and operate its properties and other assets and to carry on the Business. The Company has the requisite power and authority to execute and deliver any of the respective Transaction Documents to which it is or will at the Closing become a party and to perform the Transactions to be performed by it. Such execution, delivery and performance have respectively been duly authorized by all necessary corporate action, including, when necessary, approval by the stockholders of the Company under the DGCL. Each Transaction Document executed and delivered by the Company has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless whether such enforceability is considered in a proceeding at law or in equity).

3.3 Validity of Contemplated Transactions. Except for any filings, consents or approvals set forth on Schedule 3.3 (the "Required Consents") and for compliance with the HSR Act, neither the execution and delivery by any Seller Party of the Transaction Documents to which it is or will be a party, nor

the performance of the Transactions performed or to be performed by any Seller Party, will require any filing, consent, renegotiation or approval, constitute a Default or cause any payment obligation to arise under (a) any Law or Court Order to which the Company is subject, (b) the Charter Documents or by-laws of the Company or (c) any Contract, Governmental Permit or other document to which the Company is a party by which the properties or other assets of the Company may be subject, except for such filings, consents, renegotiations and approvals that, if not made or obtained, or Defaults and payment obligations that, in the aggregate, would not have a Material Adverse Effect.

3.4 Capitalization and Stock Ownership.

(a) The total authorized capital stock of the Company is (i) 2,000,000 shares of Common Stock, 1,201,960 shares of which are issued and outstanding on the date hereof, (ii) 100,000 shares of Series A Preferred Stock, 6,068 shares of which are issued and outstanding on the date hereof and (iii) 100,000 shares of Series B Preferred Stock, 9,617 shares of which are issued and outstanding on the date hereof. Except for the Options to acquire a total of 49,820 shares of Common Stock that are described on Schedule 3.4, there are no existing options, warrants, calls, commitments or other rights of any character (including conversion or preemptive rights) relating to the acquisition of any issued or unissued capital stock or other securities of the Company. The outstanding Shares are all duly and validly authorized and issued, fully paid and non-assessable. The outstanding capital stock of the Company and the Options are owned of record by the Persons listed

on Schedule 3.4 in the amounts shown thereon. As of the Effective Time, all of the Options will have been exercised or terminated. As of the Effective Time, the Stockholders' Agreement dated as of August 15, 1994, by and among the Company, WPI and certain other stockholders listed therein (the "Stockholders' Agreement") will be terminated and have no further effect.

(b) The Company complied with all applicable Laws in connection with the issuance of the Shares, and none of the Shares was issued in violation of any Contract binding upon the Company.

3.5 Financial Statements; Certain Liabilities. The Company has delivered to the Buyer correct and complete copies of financial statements for the Company consisting of a balance sheet of the Company as of December 31, 1994, 1995, 1996, 1997, and 1998 and the related statements of income, retained earnings and cash flows for the years then ended, all of which have been audited by the firm of Ernst & Young LLP (the "Audited Financial Statements"). The Company has also delivered to the Buyer correct and complete copies of the Company's unaudited financial statements consisting of a balance sheet as of December 31, 1999 and February 26, 2000 and the related statements of income and cash flows for the twelve-month period and the two-month period, respectively, then ended (the "Pre-Signing Unaudited Statements," and together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements are consistent in all material respects with the books and records of the Company, and there have not been and will not be any material transactions that have not been recorded in the accounting records underlying such Financial Statements, other than deferred financing fees of approximately $550,000 to be expensed in connection with the repayment of the Credit Agreement at Closing. The Financial Statements present fairly the financial position and the Assets and Liabilities of the Company as of the dates thereof, and the results of its operations for the periods then ended, all in accordance with GAAP, subject to normal recurring year-end adjustments and the absence of notes in the case of unaudited Financial Statements. The balance sheet of the Company as of December 31, 1999 that is included in the Financial Statements is referred to herein as the "Company Balance Sheet," and the date thereof is referred to as the "Balance Sheet Date." As of the Closing Date, the Company will not have any further Liability with respect to the Total Debt upon payment of the amount specified in the certificate to be delivered under Section 2.13(d), and the Company will not have any Transaction Expenses other than those specified in the certificate to be delivered under Section 2.13(e). Attached as Schedule 3.5 are any management letters prepared by the Company's auditors for each of 1996, 1997, and 1998.

3.6 Title to Assets and Related Matters. The Company has good and marketable title to, valid leasehold interests in or valid licenses to use, all of the Assets, free from any Encumbrances except for (i) those specified in Schedule 3.6, (ii) Encumbrances to secure indebtedness reflected on the Audited Financial Statements or revolving indebtedness incurred in the ordinary course of business and consistent with past practice after the date hereof, (iii) mechanics', materialmens' and other Encumbrances that have arisen in the ordinary course of business and that are not material in amount, and (iv) Encumbrances that, in the aggregate, are not reasonably likely to impair, in any material respect, the continued use of such asset or property. The use of the Assets is not subject to

any Encumbrances (other than those specified in the preceding sentence), and to the Company's knowledge, such use does not encroach on the property or rights of

anyone else. All Real Property of the Company and tangible personal property (other than Inventory) included in the Assets are suitable for the purposes for which they are used, in good working condition, reasonable wear and tear excepted and are free from any known material defects.

3.7 Real Property. Schedule 3.7 accurately describes all real estate used by the Company in the operation of the Business as well as any other real estate possessed or leased by the Company and the improvements (including buildings and other structures) located on such real estate (collectively, the "Real Property"), and lists any leases under which any such Real Property is possessed (the "Real Estate Leases"). Schedule 3.7 also accurately describes any other real estate previously owned, leased or otherwise operated by the Company or any predecessor thereof at any time during the five years prior to the date hereof and the time periods of any such ownership, lease or operation. Except for such matters that would not have a Material Adverse Effect, all of the Real Property (a) is usable in the ordinary course of business and is in good operating condition and repair and (b) conforms with any applicable Laws, except with respect to Environmental Laws, which are particularly addressed in Section 3.15. The Company, or the landlord of any Real Property leased by it, has obtained all licenses and rights-of-way from governmental entities or private parties that are necessary to ensure vehicular and pedestrian ingress and egress to and from its Real Property. Except as set forth on Schedule 3.7, each Real Estate Lease is in full force and effect and has not been assigned, modified, supplemented or amended and neither the tenant nor, to the Company's knowledge, the landlord under any such lease is in material Default under any such lease, and no circumstances or state of facts presently exists that, with the giving of notice or passage of time, or both, would permit the landlord or tenant to terminate any such lease.

3.8 Certain Personal Property. Schedule 3.8 is a complete fixed asset schedule that (a) describes all items of tangible personal property with an individual carrying value of at least $10,000 that were included in the Company Balance Sheet and (b) lists the respective locations of any such items that are not located on the Real Property. All of such personal property included on such fixed asset schedule is usable in the ordinary course of business and conforms with any applicable Laws relating to its use and operation by the Company. No Person other than the Company owns any vehicles, equipment or other tangible assets located on the Real Property that have been used by the Company or that are necessary for the operation of the Business. The Assets of the Company are suitable for the purposes for which such assets are currently used or are held for use, and are in good working condition, subject to normal wear and tear, and there are no facts or conditions affecting the Assets that could, individually or in the aggregate, interfere in any material respect with the use, occupancy or operation thereof as currently used, occupied or operated.

3.9 Non-Real Estate Leases. Schedule 3.9 lists all assets and property (other than Real Property) that are possessed by the Company under an existing lease, including all trucks, automobiles, forklifts, machinery, equipment, furniture and computers, except for any lease under which the aggregate annual payments are less than $10,000 (each, an "Immaterial Lease"). Schedule 3.9 also lists the leases under which such assets and property listed on Schedule 3.9 are possessed.

All of such leases (excluding Immaterial Leases) are referred to collectively herein as the "Non-Real Estate Leases." Each Non-Real Estate Lease is in full force and effect, and has not been assigned, modified, supplemented or amended.

3.10 Accounts Receivable. The Accounts Receivable are bona fide Accounts Receivable created in the ordinary course of business. To the Company's knowledge, there are no facts or circumstances (other than general economic conditions) that are likely to result in any material increase in the uncollectability of such Accounts Receivable in excess of any reserves therefor set forth on the Company Balance Sheet.

3.11 Inventory. The Inventory included in the Assets consists of items of good, usable and (where held for sale in the ordinary course of business) merchantable quality in all material respects. Such Inventory is recorded in the Financial Statements in accordance with GAAP at the lower of average cost or market value, and no write-down of such Inventory has been made or should have been made pursuant to GAAP during the past two years. Schedule 3.11 specifies those portions of the Inventory that consist of finished goods and raw materials.

3.12 Absence of Undisclosed Liabilities. The Company does not have any Liabilities other than (a) Liabilities described on Schedule 3.12, (b) Liabilities reflected or reserved for on the Company Balance Sheet, except as heretofore paid or discharged, (c) Liabilities incurred in the ordinary course since the Balance Sheet Date that, individually or in the aggregate, are not material to the Company, and (d) Liabilities under any Contracts that are specifically disclosed on any Schedule (or not required to be disclosed because of the term or amount involved).

3.13 Taxes. Except as set forth in Schedule 3.13, (i) the Company has

duly and timely filed all material returns for Taxes that are required to be filed and that were due prior to the Closing Date, and such tax returns are true and correct in all material respects; (ii) the Company has paid all Taxes shown as being due pursuant to such returns or pursuant to any assessment received; (iii) all material Taxes related to the Company that it has been required by Law to withhold or to collect have been duly withheld and collected and have been paid over to the proper governmental authorities or are properly held by it for such payment; (iv) the reserve for Taxes on the Company Balance Sheet is sufficient to satisfy the obligations for material Taxes of the Company through the Closing Date; (v) there are no proceedings or other actions, nor is there any basis for any proceedings or other actions, for the assessment and collection of additional Taxes of any kind with respect to the Company for any period for which returns have or should have been filed; and (vi) the Company has not agreed to extend the time or to waive the applicable limitations period for the assessment of any deficiency or adjustment for any taxable year; (vii) the Company currently has, and in each year since its incorporation has had a taxable year ended on December 31 and the Company currently utilizes the accrual method of accounting for income Tax purposes and such method of accounting has not changed since the Company's incorporation; (viii) there are no contracts, agreements, plans or arrangements, including but not limited to the provisions of this Agreement, covering any employee or former employee of the Company that, individually or collectively, could give rise to any payment (or portion thereof) that would not be deductible pursuant to Sections 280G or 162(m)

of the Code and (ix) the Company is not or has not been at any time, a party to a tax sharing, tax indemnity or tax allocation agreement. The Outstanding Tax Audits described on Schedule 3.13 are no longer pending, and a true and correct copy of the Company's settlement terms with the IRS has been previously delivered to Buyer.

3.14 Subsidiaries. Except for investments in marketable securities, the Company does not own, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, limited liability company, trust, joint venture or other legal entity. The Company does not own any interest in, control or have any Liabilities with respect to LAFI, Inc.

3.15 Legal Proceedings and Compliance with Law.

(a) Except as set forth on Schedule 3.15(a), there is no Material Litigation (defined below) that is pending or, to the Company's knowledge, threatened against or related to the Company. "Material Litigation" means any Litigation that involves a claim in excess of $10,000 or seeks material injunctive relief. The aggregate amount of Damages sought under all Litigation other than Material Litigation does not exceed $100,000. There has been no Default under any Laws applicable to the Company, including Environmental Laws, and the Company has not received any written notices from any governmental entity alleging any Defaults under any Laws, in each case excepting Defaults that in the aggregate would not have a Material Adverse Effect. Schedule 3.15(a) describes any material Defaults that have occurred during the past five years under any Laws relating to worker safety, including the Occupational Safety and Health Act of 1970, as amended. There is no Default with respect to any Court Order applicable to any Seller Party with respect to the Company.

(b) Except as set forth on Schedule 3.15(b), without limiting the generality of Section 3.15(a), there are not any Environmental Conditions (as defined below) (i) at any Real Property, (ii) at any property owned, leased, occupied or operated at any time by the Company or any of its predecessors, or (iii) at any property at or to which the Company disposed of, transported or arranged for the disposal or transportation of any Hazardous Substances, nor has the Company received written notice of any such Environmental Condition. "Environmental Condition" means the presence of Hazardous Substances or underground petroleum storage tanks, whether created by the Company or any third party, at any such property or premises specified in any of clauses (i) through (iii) above that does or may reasonably be expected to (A) require abatement or correction under an Environmental Law, (B) give rise to any civil or criminal liability of the Company under an Environmental Law, or (C) create a public or private nuisance for which the Company may be liable at law or in equity.

(c) The Company has delivered or made available to the Buyer complete copies of any written reports, studies or assessments in the possession or control of the Company or any Affiliate thereof that relate to any Environmental Condition. Schedule 3.15(c) identifies any other reports, studies and assessments that relate to any Environmental Condition of which the Company has knowledge.

(d) Except as set forth on Schedule 3.15(d) or where a Material Adverse Effect would not result, the Company has obtained, or has filed timely and sufficient applications to obtain or to renew, and is in compliance with, all Governmental Permits, all of which are listed in Schedule 3.15(d) along with their respective expiration dates, that are required for the complete operation of the Business as currently operated. All of the Governmental Permits are

currently valid and in full force by operation of law or otherwise. To the Company's knowledge, no revocation, cancellation or withdrawal thereof is threatened.

3.16 Contracts.

(a) Schedule 3.16 lists all Contracts of the following types to which the Company is a party or by which it is bound, except for any Contract that may be terminated by the Company on not more than 30 days' notice without any Liability and any Contract under which the executory obligation of the Company involves an amount of less than $75,000 (such excepted Contracts are referred to collectively as "Minor Contracts"):

(i) Contracts with any present or former stockholder, director, officer, employee, partner or consultant of the Company or Affiliate thereof.

(ii) Contracts for the future purchase of, or payment for, supplies or products, or for the lease of any Asset from or the performance of services by a third party, that involve an amount in excess of $75,000 in any individual case, or any Contracts for the sale of products that involve an amount in excess of $75,000 with respect to any one supplier or other party;

(iii) Contracts to sell or supply products or to perform services that involve an amount in excess of $75,000 in any individual case;

(iv) Contracts to lease to or to operate for any other party any Asset that involve an amount in excess of $75,000 in any individual case;

(v) Any license, franchise, distributorship or sales agency agreement or other similar agreements, including those that relate in whole or in part to any software, technical assistance or other know-how used in the past 24 months;

(vi) Any notes, debentures, bonds, conditional sale agreements, equipment trust agreements, letter of credit agreements, reimbursement agreements, loan agreements or other Contracts for the borrowing or lending of money (including loans to or from officers, directors, partners, shareholders or Affiliates of the Company or any members of their immediate families), agreements or arrangements for a line of credit or for a guarantee

of, or other undertaking in connection with, the indebtedness of any Person or other legal entity;

(vii) Contracts for any capital expenditure or leasehold improvement in excess of $75,000;

(viii) Any Contracts under which any Encumbrances exist with respect to any material Assets; and

(ix) Any other Contracts (other than Minor Contracts and those described in any of (i) through (viii) above) not made in the ordinary course of business.

(b) The Company has delivered to the Buyer complete and correct copies of all written Contracts, together with all amendments thereto, and accurate descriptions of all material terms of all oral Contracts, set forth or required to be set forth on Schedule 3.16.

(c) Except as set forth on Schedule 3.16(c), the Company is not in Default under any Contract, which Default could result in a Liability on the part of the Company in excess of $5,000 in any individual case, and the aggregate Liabilities that could result from all such Defaults do not exceed $75,000. Except as set forth on Schedule 3.16(c), the Company has not received any written communication from, or given any written communication to, any other party indicating that the Company or such other party, as the case may be, is in Default under any Contract.

3.17 Insurance.

Schedule 3.17 lists all policies or binders of insurance held by or on behalf of the Company, specifying with respect to each policy the insurer, the amount of the coverage, the type of insurance, the risks insured, the expiration date, the policy number and any pending claims thereunder. There is no Default with respect to any such policy or binder, nor has there been any failure to give any notice or present any material claim under any such policy or binder in a timely fashion or in the manner or detail required by the policy or binder. The Company has not received any written notice of nonrenewal or cancellation

with respect to, or disallowance of any material claim under, any such policy or binder.

3.18 Intellectual Property.

(a) Schedule 3.18 sets forth a list of all of the following items that are owned or used by the Company: Patents, registered and material unregistered Copyrights and Trademarks, Internet domain names registered to the Company and Software material to the Business, excluding Off-the Shelf Software, and specifies with respect to each such item whether it is owned or licensed. The Company does not have any Intellectual Property that is material to the Business and that is not listed on Schedule 3.18. Schedule 3.18 also sets forth: (i) for each such Patent, the number, title

and issue and expiration dates for each country in which such Patent has been issued, or if a pending application, the application number, date of filing and title for each country; (ii) for each such Trademark, the application serial number or registration number, the classes of goods and services covered and the registration or application date for each country in which a Trademark has been registered; and (iii) for each such Copyright, the number and date of filing for each country in which a copyright has been filed. All of the Intellectual Property listed in Schedule 3.18 is valid, enforceable and subsisting, and in compliance with all formal legal requirements. With respect to each Trade Secret, the documentation therefor is current, accurate and sufficient in detail and content to identify and explain the Trade Secret and to allow its full and proper use without reliance on the knowledge or memory of any individual.

(b) The Company owns, or possesses adequate and enforceable licenses or other rights to use (including foreign rights), all Intellectual Property and Software and, except as set forth in the Schedule 3.18, such licenses and rights will not be adversely affected by the Merger. The Company is not, nor will it be as a result of the Merger, in Default of any licenses, sublicenses or any other Contracts to which the Company is a party and pursuant to which it is authorized to use any Intellectual Property or Software owned by a third party. Except as set forth in Schedule 3.18 and excluding Intellectual Property and Software used pursuant to a license, the Company has no obligation to compensate any Person for the use of any Intellectual Property or Software, and the Company has not granted to any Person any license, option or other rights to use in any manner any of its Intellectual Property or Software, whether requiring the payment of royalties or not. Except as set forth in Schedule 3.18 and excluding Intellectual Property and Software used pursuant to a license, the Company owns all right, title and interest in and to all Intellectual Property and Software, free and clear of any Encumbrances.

(c) The use of any of the Intellectual Property or Software by the Company or by any of its licensees, distributors or customers does not conflict or interfere with, infringe upon or otherwise violate any rights of any third party, and no action has been instituted against or notices received by the Company that are presently outstanding alleging that the use of any of the Intellectual Property or Software infringes upon or otherwise violates any rights of a third party. No person has notified the Company that it is claiming any ownership of or right to use any of the Intellectual Property or Software. It has been the practice of the Company to seek protection of all Intellectual Property material to the Business; such practice includes requiring all employees of the Company to sign non-disclosure agreements, seeking patent protection for technologies, registering trademarks with the US Patent and Trademark Office and registering copyrights with the US Copyright Office. To the knowledge of the Company, no Person is interfering or infringing upon any of the Intellectual Property or Software in any way. None of the Intellectual Property is or has been involved in any interference, reissue, reexamination, opposition, invalidation or cancellation action, claim or proceeding and, to the knowledge of the Company, no such action, claim or proceeding has been threatened against the Company.

(d) The Company possesses such working copies of all Software, including object and source codes and all related manuals and other documentation, as are necessary for the current

conduct of the Business. All of the Software, other than the Off-the-Shelf Software, performs substantially in accordance with its specifications and documentation and is free of material errors and defects. None of the Software licensed to the Company contains any lock, clock, timer, counter, copy protection feature, replication device, defect, "virus" or "worm" as such terms are commonly used in the computer industry, or other device that might lock, disable or erase the Software or require action or intervention by any Person to allow its use by the Company.

(e) Except as set forth in Schedule 3.18, no present or former employee of, or consultant to, the Company or any predecessor in interest of the Company (including any former employer of a present or former employee or consultant of the Company or any predecessor in interest of the Company) has any

proprietary, commercial or other interest, direct or indirect, in any of the Intellectual Property or Software.

3.19 Year 2000 Compliance.

(a) Definitions. The following terms are used in this Section 3.19 as defined below:

"Date Related Hardware/Software" means any software, hardware, firmware, embedded chip, equipment, electrical product or component of the foregoing that processes, transmits, stores and/or receives date and/or time data including any of the foregoing that calculates, specifies, recognizes, validates, presents, compares, records, sequences or outputs date and/or time data.

"Year 2000 Compliant" or "Year 2000 Compliance" means that (i) the Date Related Hardware/Software at issue accurately processes, transmits, stores and/or receives all correctly inputted date/time data (including calculating, specifying, recognizing, validating, presenting, comparing, recording, sequencing and outputting) within, from, into and between the twentieth and twenty-first centuries and the years 1999 and 2000, including leap year calculations, (ii) neither the performance nor the functionality of the Date Related Hardware/Software at issue will be affected by any dates/times prior to, on or after January 1, 2000 and (iii) the design of the Date Related Hardware/Software at issue, to ensure compliance with the representations and warranties contained in this Section 3.19, includes proper date/time data century recognition and recognition of 1999 and 2000, calculations that accommodate single century and multi-century formulae and date/time values before, on, after and spanning January 1, 2000, and date/time data interface values that reflect the century, 1999 and 2000. In particular, but without limitation, such terms mean that (i) no correctly inputted value for current date/time will cause any error, interruption or decreased performance in or for such Date Related Hardware/Software, (ii) all manipulations of correctly inputted date and time related data (including calculating, specifying, recognizing, validating, presenting, comparing, recording, sequencing and outputting) will produce correct results for all valid dates and times when used independently or in combination with other Date Related Hardware/Software, (iii) date/time elements in interfaces and data storage will specify the century to eliminate date ambiguity without human intervention, including leap year calculations that correctly recognize the year 2000 and any

subsequent leap year as a leap year, (iv) where any date/time element is represented without a century, the correct century will be unambiguous for all manipulations involving that element, or the element will be rejected if it is ambiguous, (v) authorization codes, passwords and zaps (purge functions) will function normally and in the same manner during, prior to, on and after January 1, 2000, including the manner in which they function with respect to expiration dates and CPU serial numbers and (vi) the provision or use of Date Related Hardware/Software will not be interrupted, delayed or decreased or otherwise affected by the advent of the year 2000.

(b) Company Date Related Hardware/Software. All Date Related Hardware/ Software used in and material to the Business or provided by the Company in the operation of the Business (collectively, "Company Date Related Hardware/Software"), including any of the foregoing that is a component of any product or service offered or furnished by the Company in the conduct of the Business, will be Year 2000 Compliant as of the Closing Date.

(c) Suppliers. To the knowledge of the Company, all of the material Date Related Hardware/Software of any of the Company's material vendors, suppliers, landlords, lessors, customers, distributors or sales representatives are Year 2000 Compliant.

(d) Year 2000 Compliance Investigations and Reports. The Company has furnished Buyer with a true and complete copy of any internal investigations, memoranda, budget plans, forecasts or reports concerning the Year 2000 Compliance of the Company Date Related Hardware/Software. The Company has furnished Buyer with true and complete copies of any customer agreements and other materials and correspondence in which the Company has furnished assurances to any third party as to the performance and/or functionality of any of the Company Date Related Hardware/Software before, on or after January 1, 2000. To the extent that any such item is in the possession of the Company, the Company has furnished Buyer with a true and complete copy of any internal investigations, memoranda, budget plans, forecasts or reports concerning the Year 2000 Compliance of the Date Related Hardware/Software of any of the Company's material vendors, suppliers, customers, distributors or sales representatives.

3.20 Employee Relations. Except as set forth on Schedule 3.20, the Company (a) is not a party to, involved in or, to the Company's knowledge, threatened by any labor dispute or unfair labor practice charge, (b) is not currently negotiating any collective bargaining agreement, or (c) has not made arrangements with any labor union or employee association or made commitments to

or conducted negotiations with any labor union or employee association with respect to any future agreements. The Company has not experienced during the last three years any work stoppage. No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent (a) holds bargaining rights with respect to the Company's employees by way of certification, interim certification, voluntary recognition, designation or successor rights or (b) has applied to be certified as the bargaining agent of the Company's employees. The Company has delivered to the Buyer a complete and correct list of the names and salaries, bonus and other cash compensation of all employees (including officers) of the Company whose total cash compensation for 1998 exceeded, or whose total compensation for 1999 is expected to exceed, $100,000.

3.21 ERISA.

(a) Schedule 3.21(a) contains a complete list of all Benefit Plans sponsored or maintained by the Company or under which the Company is obligated. The Company has delivered to the Buyer (i) accurate and complete copies of all such Benefit Plan documents and all other material documents relating thereto, including (if applicable) all summary plan descriptions, summary annual reports and insurance contracts, (ii) accurate and complete detailed summaries of all unwritten Benefit Plans, (iii) accurate and complete copies of the most recent financial statements and actuarial reports with respect to all such Benefit Plans for which financial statements or actuarial reports are required or have been prepared and (iv) accurate and complete copies of all annual reports for all such Benefit Plans (for which annual reports are required) prepared within the last three years. Each such Benefit Plan providing benefits that are funded through a policy of insurance is indicated by the word "insured" placed by the listing of the Benefit Plan on Schedule 3.21(a).

(b) Except as specified on Schedule 3.21(b), all such Benefit Plans conform (and at all times have conformed) in all material respects to, and are being administered and operated (and have at all time been administered and operated) in material compliance with, the requirements of ERISA, the Code and all other applicable Laws. All returns, reports and disclosure statements required to be made under ERISA and the Code with respect to all such Benefit Plans have been timely filed or delivered. There have not been any "prohibited transactions," as such term is defined in Section 4975 of the Code or Section 406 of ERISA involving any of the Benefit Plans, that could subject the Company to any material penalty or tax imposed under the Code or ERISA.

(c) Except as is set forth in Schedule 3.21(c), any such Benefit Plan that is intended to be qualified under Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code has been determined by the Internal Revenue Service to be so qualified or an application for such determination is pending. Any such determination that has been obtained remains in effect and has not been revoked, and, with respect to any application that is pending, the Company has no reason to suspect that such application for determination will be denied. Nothing has occurred since the date of any such determination that is reasonably likely to affect adversely such qualification or exemption, or result in the imposition of excise taxes or income taxes on unrelated business income under the Code or ERISA with respect to any such Benefit Plan.

(d) The Company does not sponsor a defined benefit plan subject to Title IV of ERISA. None of the Benefit Plans is a multiemployer plan (as defined in Section 3(37) of ERISA. The Company does not have any current or potential Liability due to a complete or partial withdrawal from a multiemployer plan or due to the termination or reorganization of a multiemployer plan, and no events have occurred and no circumstances exist that could result in any such Liability to the Company. The Company does not have any Liability with respect to any employee benefit plan (as defined in Section 3(3) of ERISA) other than with respect to the Benefit Plans.

(e) There are no pending or, to the Company's knowledge, threatened claims by or on behalf of any such Benefit Plans, or by or on behalf of any individual participants or beneficiaries

of any such Benefit Plans, alleging any breach of fiduciary duty on the part of the Company or any of its officers, directors or employees under ERISA or any other applicable Laws, or claiming benefit payments (other than those made in the ordinary operation of such plans), nor is there, to the knowledge of any Seller Party, any basis for such claim. The Benefit Plans are not the subject of any pending (or, to the Company's knowledge, any threatened) investigation or audit by the Internal Revenue Service, the Department of Labor or the Pension Benefit Guaranty Corporation ("PBGC").

(f) The Company has timely made all required contributions under such Benefit Plans, including the payment of any premiums payable to the PBGC and other insurance premiums.

(g) With respect to any such Benefit Plan that is an employee

welfare benefit plan (within the meaning of Section 3(1) of ERISA) (a "Welfare Plan") and, except as specified on Schedule 3.21(g), (i) each Welfare Plan for which contributions are claimed by the Company as deductions under any provision of the Code is in material compliance with all applicable requirements pertaining to such deduction, (ii) with respect to any welfare benefit fund (within the meaning of Section 419 of the Code) related to a Welfare Plan, there is no disqualified benefit (within the meaning of Section 4976(b) of the Code) that would result in the imposition of a tax under Section 4976(a) of the Code, (iii) any Benefit Plan that is a group health plan (within the meaning of Section 4980B(g)(2) of the Code) complies, and, in each and every case has complied, with all of the applicable material requirements of Section 4980B of the Code, ERISA, Title XXII of the Public Health Service Act and the Social Security Act, and (iv) all Welfare Plans may be amended or terminated at any time on or after the Closing Date. Except as specified on Schedule 3.21(g), no Benefit Plan provides any health, life or other welfare coverage to employees of the Company beyond termination of their employment with the Company, by reason of retirement or otherwise, other than coverage as may be required under Section 4980B of the Code or Part 6 of ERISA, or under the continuation of coverage provisions of the laws of any state or locality.

(h) Except as otherwise set forth on Schedule 3.21(h), neither the execution and delivery of this Agreement nor the consummation of the Transactions will (i) result in any payment to be made by the Company or an Affiliate thereof (including severance, unemployment compensation, golden parachute (as defined in Code Section 280G or otherwise)) becoming due to any employee or former employee, officer or director, or (ii) increase or vest any benefits payable under any Benefit Plan.

(i) Except as otherwise set forth on Schedule 3.21(i), any amount that could be received (whether in cash or property or the vesting of property) as a result of any of the Transactions by any employee, officer or director of the Company who is a "disqualified individual" (as such term is defined in proposed Treasury Regulation Section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Benefit Plan currently in effect would not be characterized as an "excess parachute payment" (as such term is defined in Section 280(b)(1) of the Code).

(j) All Persons classified by the Company as independent contractors satisfy and have at all times satisfied the requirements of applicable law to be so classified; the Company has fully and accurately reported their compensation on IRS Forms 1099 when required to do so; and the Company has no obligations to provide benefits with respect to such persons under Benefit Plans or otherwise. The Company does not employ and has not employed any leased employees as defined in Section 414(n) of the Code.

3.22 Corporate Records. The minute books of the Company contain complete, correct and current copies of its Charter Documents and by-laws and of all minutes of meetings, resolutions and other proceedings of its Board of Directors and shareholders. The stock record books of the Company are complete, correct and current.

3.23 Absence of Certain Changes. Except as contemplated by this Agreement or as set forth on Schedule 3.23, since the Balance Sheet Date, the Business has been conducted in the ordinary course and there has not been:

(a) any material adverse change in the Assets, or the Business, or in the Company's condition (financial or otherwise) or Liabilities;

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

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

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

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

(f) any payments to any stockholder of the Company or to any Affiliate of any such stockholder or of the Company, other than wages and reimbursements in accordance with past practices and except as specified in Schedule 3.23(f);

(g) any change or amendment to its Charter Documents;

(h) any sale, issuance or acquisition of equity securities or other securities or any grant of options, warrants, calls or commitments of any

kind with respect thereto; or

(i) any borrowings or incurrence of debt, or assumption of any additional Liabilities or Encumbrances except in the ordinary course of business.

3.24 Previous Sales; Warranties. The Company has not breached any express or implied warranties in connection with the sale or distribution of goods or the performance of services, except for breaches that, individually and in the aggregate, are not material and are consistent with past practice of the Business.

3.25 Customers and Suppliers. The Company has used reasonable business efforts to maintain, and currently maintains, good working relationships with all of its material customers and suppliers. Schedule 3.25 contains a list of the names of each of the ten customers that, in the aggregate, for the three years ending December 31, 1996, 1997 and 1998, were the largest dollar volume customers of products or services, or both, sold by the Company. Except as specified on Schedule 3.25, since January 1, 1999 none of such customers has given the Company written notice terminating or canceling any Contract or relationship with the Company, and to the knowledge of the Company, none of such customers intends or has threatened since January 1, 1999 to terminate or cancel any such Contract or relationship. Except as set forth on Schedule 3.25, the Company's aggregate Liabilities with respect to any oral understandings that the Company has with any customers and suppliers regarding financial or service commitments do not exceed $200,000. Schedule 3.25 also contains a list of the ten suppliers of the Company that, in the aggregate, for the years ending December 31, 1996, 1997 and 1998, were the largest dollar volume suppliers of supplies used by the each such business. Except as specified on Schedule 3.25, since January 1, 1999 none of such suppliers has given the Company written notice terminating or canceling any Contract or relationship with the Company, and to the knowledge of the Company, none of such supplier intends or has threatened since January 1, 1999 to terminate or cancel any such Contract or relationship.

3.26 Finder's Fees. Except for Deutsche Banc Alex. Brown, no Person retained by any Seller Party is or will be entitled to any commission or finder's or similar fee in connection with the Transactions.

3.27 Additional Information. Schedule 3.27 accurately lists the following:

(a) the names of all officers and directors of the Company;

(b) the names and addresses of every bank or other financial institution in which the Company maintains an account (whether checking, saving or otherwise), lock box or safe deposit box, and the account numbers and names of Persons having signing authority or other access thereto;

(c) the names of all Persons authorized to borrow money or incur or guarantee indebtedness on behalf of the Company;

(d) the names of any Persons holding powers of attorney from the Company and a summary statement of the terms thereof; and

(e) all names under which the Company has conducted any part of the Business or that it has otherwise used at any time during the past five years.

4. Representations and Warranties of the Securityholders.

Each Securityholder, as to itself only, represents and warrants to the Buyer Parties as follows, as of the date hereof and also at and as of the Closing Date as though then made (except to the extent such representations and warranties speak as of an earlier date or are inaccurate due to actions specifically contemplated hereby):

4.1 Authorization. If such Securityholder is not a natural person, such Securityholder has the requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to perform the Transactions to be performed by it. Such execution, delivery and performance by such Securityholder has been duly authorized by any necessary corporate, partnership or other action. Each of the respective Transaction Documents to which such Securityholder is a party has been duly executed and delivered by such Securityholder and constitutes a valid and binding obligation of such Securityholder, enforceable against such Securityholder in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless

whether such enforceability is considered in a proceeding at law or in equity).

4.2 Validity of Contemplated Transactions. Except for compliance with the HSR Act and any consents specified in Schedule 4.2 with respect to such Securityholder, neither the execution and delivery by such Securityholder of the respective Transaction Documents to which it is a party, nor the performance of the Transactions to be performed by it, will require any filing, consent or approval under or constitute a material Default under (a) any Law or Court Order to which such Securityholder is subject, (b) the Charter Documents or bylaws of such Securityholder, if applicable, or (c) any Contract or other document to which such Securityholder is a party or by which any of its assets may be subject. As of the Effective Time, such Securityholder will not have any rights under the Stockholders' Agreement.

4.3 Stock Ownership. Such Securityholder owns the Shares or Options, or both, listed with respect to the Securityholder in Schedule 3.4, free and clear of all Encumbrances other than restrictions under applicable securities Laws, the consents set forth in Schedule 4.2 and the Stockholders' Agreement.

5. Representations and Warranties of the Buyer Parties.

The Buyer and the Acquisition Company, jointly and severally, represent and warrant to the Company and the Securityholders as follows, as of the date hereof and also at and as of the Closing

Date as though then made (except to the extent such representations and warranties speak as of an earlier date or are inaccurate due to actions specifically contemplated hereby):

5.1 Corporate. Each Buyer Party is a corporation duly organized, validly existing and in good standing under the laws under which it was incorporated. Each Buyer Party has all requisite power and authority to conduct its business as it is now being conducted and to own, lease and operate its property and assets except where the failure to be so organized, existing and in good standing or to have such power or authority would not have a material adverse effect on the business, operations, properties or condition, financial or otherwise, of such Party.

5.2 Authorization. Each Buyer Party has the requisite power and authority to execute and deliver the Transaction Documents to which it is or will at the Closing become a party and to perform the Transactions to be performed by it. Such execution, delivery and performance by each Buyer Party have been duly authorized by all necessary corporate action, including approval by the Buyer as the sole stockholder of the Acquisition Company under the DGCL. The respective Transaction Documents to which any Buyer Party is a party constitute valid and binding obligations of such Buyer Party, enforceable against such Buyer Party in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless whether such enforceability is considered in a proceeding at law or in equity).

5.3 Validity of Contemplated Transactions. Except the consent required under the SunSource Credit Agreement and for compliance with the HSR Act, neither the execution and delivery by any Buyer Party of the Transaction Documents to which it is or will at the Closing become a party, nor the performance of the Transactions to be performed by it, will require any filing, consent, renegotiation or approval under or constitute a Default under (a) any Regulation or Court Order to which such Buyer Party is subject, (b) the Charter Documents or Bylaws of such Buyer Party or (c) any Contract or other document to which such Buyer Party is a party, except for such filings consents, renegotiations and approvals that, if not made or obtained or Defaults and payment obligations that, in the aggregate would not have a material adverse effect on the ability of any Buyer Party to consummate the Transactions.

5.4 [Intentionally Deleted].

5.5 Finder's Fees. No Person retained by the Buyer or the Acquisition Company is or will be entitled to any commission or finder's or similar fee in connection with the Transactions.

5.6 Capitalization and Stock Ownership.

(a) The total authorized capital stock of the Buyer is 100 shares of common stock, all of which are issued and outstanding on the date hereof. There are no existing options, warrants,

calls, commitments or other rights of any character (including conversion or preemptive rights) relating to the acquisition of any issued or unissued capital

stock or other securities of the Buyer. The outstanding shares of common stock of the Buyer are all duly and validly authorized and issued, fully paid and non-assessable. The outstanding capital stock of the Buyer are all owned of record by SunSubA, Inc., an indirect wholly-owned subsidiary of SunSource.

(b) The Buyer complied with all applicable Laws in connection with the issuance of the shares of common stock of the Buyer, and none of the shares of common stock of the Buyer were issued in violation of any Contract binding upon the Buyer.

5.7 Financial Statements; Certain Liabilities. SunSource has delivered to the Holders' Representative correct and complete copies of the consolidated audited financial statements for SunSource consisting of a balance sheet of SunSource as of December 31, 1998 and 1999 and the statements of income, retained earnings and cash flows for the years ended December 31, 1997, 1998 and 1999 (the "SunSource Financial Statements"). The SunSource Financial Statements are consistent in all material respects with the books and records of SunSource, and there have not been any material transactions that have not been recorded in the accounting records underlying such SunSource Financial Statements. The SunSource Financial Statements present fairly the financial position and the Assets and Liabilities of SunSource as of the dates thereof, and the results of its operations for the periods then ended, all in accordance with GAAP. The balance sheet of SunSource as of December 31, 1999 that is included in the SunSource Financial Statements is referred to herein as the "SunSource Balance Sheet," and the date thereof is referred to as the "SunSource Balance Sheet Date."

5.8 Absence of Undisclosed Liabilities. SunSource does not have any Liabilities other than (a) Liabilities reflected or reserved for on SunSource Balance Sheet, except as heretofore paid or discharged, (b) Liabilities incurred in the ordinary course since the SunSource Balance Sheet Date that, individually or in the aggregate, are not material to SunSource, and (c) Liabilities under any Contracts that individually or in the aggregate are not reasonably likely to have a material adverse effect on the business, properties, operations or condition (financial or otherwise) of SunSource.

5.9 Legal Proceedings and Compliance with Law. There is no Material Litigation that is pending or, to the SunSource's knowledge, threatened against or related to SunSource. There has been no Default under any Laws applicable to SunSource, including Environmental Laws, and SunSource has not received any written notices from any governmental entity alleging any Defaults under any Laws, in each case excepting Defaults that in the aggregate would not have a Material Adverse Effect. No material Defaults have occurred with respect to the Buyer during the past five years under any Laws relating to worker safety, including the Occupational Safety and Health Act of 1970, as amended.

5.10 Absence of Certain Changes. Except as contemplated by this Agreement, or as set forth in filings made with the Securities and Exchange Commission after the SunSource Balance

Sheet Date, since the SunSource Balance Sheet Date, the Buyer has conducted its business in the ordinary course and there has not been:

(a) any material adverse change in the Assets, or the business, or in SunSource's condition (financial or otherwise) or Liabilities;

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

(c) except with respect to the Chief Executive Officer of SunSource, any increase in the compensation payable or to become payable to any director, officer, employee or agent, except for increases made in the ordinary course of business, nor any other change in any employment or consulting arrangement;

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

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

(f) any payments to any stockholder of SunSource or to any Affiliate of any such stockholder or of SunSource, other than wages and reimbursements in accordance with past practices;

(g) any change or amendment to its Charter Documents;

(h) except with respect to the Chief Executive Officer of SunSource, any sale, issuance or acquisition of equity securities or other securities or any grant of options, warrants, calls or commitments of any kind with respect thereto; or

(i) except for borrowings under the SunSource Credit Agreement, any borrowings or incurrence of debt, or assumption of any additional Liabilities or Encumbrances except in the ordinary course of business.

6. Mutual Covenants.

6.1 Fulfillment of Conditions. At and prior to the Closing, the Seller Parties and the Buyer Parties shall use commercially reasonable efforts to fulfill the conditions specified in Section 9 and Section 10, respectively, to the extent that the fulfillment of such conditions is within their control. The foregoing obligation includes executing and delivering of the agreements and other documents referred to in Section 9 and Section 10, respectively, using commercially reasonable efforts to prepare all necessary documentation and to obtain all necessary approvals, waivers and

consents and, in the case of the Buyer, causing the Acquisition Company to comply with the terms of the Transaction Documents.

6.2 Consents. Each of the Company and the Buyer Parties shall cooperate, and use commercially reasonable efforts, in as timely a manner as is reasonably practicable, to make all filings and obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of governmental authorities and other third parties necessary to consummate the Transactions. Each of the Parties shall furnish to the other Parties such necessary information and reasonable assistance as such other Parties may reasonably request in connection with the foregoing and shall provide the other Parties with copies of all filings made by such Party with any governmental entity or any other information supplied by such Party to a governmental entity in connection with this Agreement.

6.3 [Intentionally Deleted]

6.4 Disclosure of Certain Matters. Each Seller Party on the one hand, and each Buyer Party on the other hand, shall give the Buyer Parties and the Seller Parties, respectively, prompt notice of any event or development that occurs that (a) would cause any of the representations and warranties of such Party contained herein to be inaccurate or otherwise misleading or (b) gives any such Party a reasonable belief that any of the conditions set forth in Sections 9 or 10 will not be satisfied prior to the Termination Date.

6.5 Public Announcements. Each Party shall consult with each other before issuing any press release or making any public statement with respect to this Agreement and the Transactions and, except as may be required by applicable law or stock exchange regulations, will not issue any such press release or make any such public statement prior to such consultation.

6.6 Expenses. Each Party shall pay all of its own expenses incurred in connection with the Transactions, except that if a Closing occurs, the Transaction Expenses shall be paid by the Buyer and deducted in the calculation of the Net Common Consideration under Section 2.6(e). The Buyer shall pay the fees and expenses of the Company's auditors, however, with respect to performing the work specified in the last sentence of Section 7.7.

6.7 Existing Arrangements. Except with respect to any Liabilities relating to this Agreement, (a) each Securityholder hereby terminates as of the Closing any Contract that such Securityholder may have with the Company and releases the Company as of the Closing Date from any Liabilities except for any accrued wages or fringe benefits that may be payable thereunder with respect to services prior to the Closing Date and (b) the Company similarly as of the Closing hereby releases each such Securityholder from any Liabilities.

7. Covenants of the Seller Parties.

7.1 Restricted Actions. The Company shall not do any of the following prior to the Closing unless waived by the Buyer in writing: amend its Certificate of Incorporation or Bylaws;

merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire any business of, any corporation, partnership or other business organization or business division thereof; split, combine or reclassify its outstanding capital stock; declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock or redeem or otherwise acquire any of its securities: except for the exercise of outstanding rights, authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities; transfer, sell, lease or dispose of any Assets outside the ordinary course of business; enter into any Contract or otherwise incur any liability under which the Company's executory obligation in any such individual

case is more than $100,000 unless such action is in the ordinary course of business; discharge or satisfy any Encumbrance or pay or satisfy any material liability except pursuant to the terms thereof or compromise, settle or otherwise adjust any material claim or litigation; make any capital expenditure involving in any individual case more than $250,000; or take, or agree in writing or otherwise to take, any of the foregoing actions.

7.2 Due Diligence. The Company shall give the Buyer Parties the opportunity at all reasonable times to make such examination and investigation of the Company, the Business and Assets as they may deem necessary or desirable for all purposes relating to this Agreement; provided, however, that neither of the Buyer Parties nor any Person acting on their behalf shall undertake any sampling, monitoring, analysis or other physical inspection of any environmental media on, at, beneath or near the Real Property without the Company's prior written consent. To that end, the Company shall open its books of account and records for examination by Seller's Accountants, counsel and other representatives for the Buyer Parties, and the Company shall furnish to the Buyer Parties and such representatives all other information with respect to its affairs as the Buyer Parties may reasonably request and make the officers and senior management of the Company available for discussions regarding the Business. The Company shall also arrange contact or discussions among representatives of the Company, the Buyer and the Company's major customers and suppliers so that the Buyer may evaluate the Company's relationship with such customers and suppliers; provided, however, that the Buyer and its representatives shall not contact or hold discussions with any customers, suppliers or non-management employees of the Company except for such contact or discussions initiated or arranged by Stephen W. Miller.

7.3 Audited Financial Statements. The Seller Parties shall deliver to the Buyer the audited financial statements of the Company for the year ended December 31, 1999 on or promptly following the Closing Date. The Seller Parties shall also deliver prior to Closing the consent of Ernst & Young LLP to the use of such audited financial statements, together with the other Audited Financial Statements referred to in Section 3.5, in any public placement of securities undertaken by the Buyer or any of its Affiliates and required Securities and Exchange Commission filings of the Buyer. Each Seller Party shall use its Reasonable Best Efforts to cause the Seller's Accountant, at the Buyer's expense and to the extent requested by the Buyer, to provide comfort letters and revise any of such audited financial statements to comply with applicable requirements of the Securities and Exchange Commission.

7.4 Termination of Options. Subject to Section 2.9, the Company shall take whatever actions may be necessary to terminate prior to the Effective Time any Options that would otherwise be outstanding upon consummation of the Merger.

7.5 Acquisition Proposals.

(a) Without the prior written consent of the Buyer, the Company shall not, and shall not authorize or permit any of its officers, directors or employees or any investment banker, financial advisor, attorney, Seller's Accountant or other representative retained by it to (i) solicit, initiate or encourage (including by way of furnishing non-public information), or take any other action to facilitate, any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal or (ii) participate in any discussions or negotiations regarding an Acquisition Proposal.

(b) As used in this Agreement, "Acquisition Proposal" means any bona fide proposal made by a third party to acquire (i) "beneficial ownership" (as such term is defined under Rule 13d of the Exchange Act) of a majority equity interest in the Company pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, tender offer or exchange offer or similar transaction involving the Company, including any single or multi-step transaction or series of related transactions that is structured in good faith to permit such third party to acquire beneficial ownership of a majority or greater equity interest in the Company or (ii) all or substantially all of the business or assets of the Company (other than the Transactions).

7.6 Competition and Confidentiality.

(a) During the period beginning on the Closing Date and ending on the third anniversary thereof (the "Non-Competition Period"), no Securityholder that is listed on Schedule 7.6 (a "Restricted Seller") or Controlled Affiliate of any Restricted Seller (each, a "Restricted Party") shall, within North America, directly or indirectly, in any capacity, render services, engage in or have a financial interest in, any business that shall be competitive with the Restricted Business, nor shall any Restricted Party assist any Person that shall be engaged in any such business activities, including by making available to any such Person any information related to the Company. As used herein, "Restricted Business" means products and services that exist as of the Effective Time of the Merger and any such products or services sold, developed, acquired, licensed, or otherwise obtained or sold by the Company during the period of employment of the Restricted Seller against whom enforcement is sought (including key duplication

with related sales of key blanks and accessories, letters, numbers and signs, and engraved tags and other products), that are: (1) sold through current channels of trade including mass merchants, home centers and grocery or drug outlets; or (2) new channels of distribution or markets entered into during the period of employment of the Restricted Seller against whom enforcement is sought. Ownership of not more than 5% of the outstanding stock of any publicly traded company shall not, in and of itself, be a violation of this Section 7.6(a). In addition, during the Non-Competition Period, no Restricted Party shall solicit any employee of the Company who is employed by the Company within 60 days of the Effective Time for the

purposes of having any such employee terminate his or her employment with the Company. If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, the court is hereby requested and authorized by the Parties to revise the foregoing restriction to include the maximum restrictions allowable under applicable law. Each Restricted Seller acknowledges, however, that this Section 7.6 has been negotiated by the Parties and that the geographical and time limitations, as well as the limitation on activities, are reasonable in light of the circumstances pertaining to the Company and the payments made to such Restricted Seller hereunder.

(b) Each Securityholder acknowledges that, by reason of its or his involvement with or employment in the Company, it or he may have had access to Trade Secrets relating to the Company. Each Seller Party acknowledges that such Trade Secrets are a valuable asset and covenants that it or he will not disclose any such Trade Secrets to any Person for any reason whatsoever, unless such information (a) is or becomes in the public domain through no wrongful act of such Seller Party, (b) has been rightfully received from a third party without restriction and without breach of this Agreement or (c) is required by any Law to be disclosed.

(c) The terms of this Section 7.6 shall apply to each Securityholder and to any Controlled Affiliate of any Securityholder and any of their respective Affiliates that it or he controls to the same extent as if they were parties hereto, and each Securityholder shall take whatever actions are within its or his control to cause any such other Persons to adhere to the terms of this Section 7.6.

(d) In the event of any breach or threatened breach by any Restricted Party of any provision of Section 7.6, the Buyer shall be entitled to injunctive or other equitable relief, to restrain such party from using or disclosing any Trade Secrets in whole or in part, or from engaging in conduct that would constitute a breach of the obligations of a Restricted Party under Section 7.7. Such relief shall be in addition to and not in lieu of any other remedies that may be available, including an action for the recovery of Damages.

7.7 Cooperation with Financing. Each Seller Party shall cooperate with the Buyer Parties' efforts and those of certain of their Affiliates to obtain such additional financing under the SunSource Credit Agreement, which, when combined with the Glencoe Proceeds, shall be sufficient to enable SunSource and Buyer to complete the Transactions, including by providing access to information and by making the officers and senior management of the Company available for discussions regarding the Business in accordance with Section 7.2 and using its Reasonable Best Efforts to cause the Company's auditors to provide consents to reliance on reports in the Financial Statements and otherwise fully cooperate with the Buyer Parties' efforts to obtain the such financing. Each Seller Party shall also use its Reasonable Best Efforts to cause the Company's auditors, at the Buyer's expense and to the extent requested by the Buyer, to prepare whatever interim financial statements the Buyer may need in connection with such financing, provide comfort letters and revise any of the Financial Statements to comply with applicable requirements of the Securities and Exchange Commission.

8. Covenants of the Buyer.

8.1 Confidentiality. The Buyer Parties shall treat all information obtained from the Company in connection with their investigation of the Company, the Business and the Assets as information that is subject to the terms and conditions of the Confidentiality Agreement between the Company and SunSource Inc., dated August 2, 1999.

8.2 Acquisition Company. From the date hereof through the Effective Time, the Buyer will not permit Acquisition Company to, and Acquisition Company will not, (i) issue any shares of capital stock (ii) grant any options or rights to purchase or acquire shares of its capital stock, (iii) grant or enter into any options, warrants, rights, or other agreements or commitments to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Acquisition Company and (iv) have any obligation to grant, extend or enter into any subscription, warrant, option, right, convertible or exchangeable security or other similar agreement or commitment.

8.3 Insurance; Indemnification.

(a) The Buyer shall cause the Surviving Corporation to maintain in effect for not less than two years after the Effective Time policies of directors' and officers' liability insurance for the benefit of the individuals who, at the Effective Time, were directors or officers of the Company with a policy limit of not less than $2.0 million with respect to matters occurring prior to the Effective Time; provided, however, that the Buyer shall not be required to pay an annual premium for such insurance in excess of the annual premium currently in effect for the Company, but in such case shall purchase as much coverage as possible for such amount.

(b) From and after the Effective Time, the Buyer shall cause the Surviving Corporation to indemnify and hold harmless each person who is now, or has been at any time prior to the date hereof, an officer, director, employee, trustee or agent of the Company, including each person controlling any of the foregoing persons (together with such person's heirs and representatives, the "Indemnified Persons"), against all Damages arising out of or pertaining to acts or omissions, or alleged acts or omissions, by them in their capacities as such, whether commenced, asserted or claimed before or after the Effective Time on terms no less advantageous than those maintained by the Buyer with respect to such matters. The Buyer shall cause the Surviving Corporation to keep in effect provisions in its Charter Documents, on terms no less favorable to the Indemnified Persons than those in effect with respect to similarly situated personnel of the Buyer, providing for exculpation of director and officer liability and indemnification of the Indemnified Persons, which provisions shall not be amended except as required by applicable Law or except to make changes permitted by Law that would enlarge the Indemnified Persons' right of indemnification. In the event of any actual or threatened claim, action, suit, proceeding or investigation in respect of such actions or omissions, (i) the Buyer shall cause the Surviving Corporation to pay the reasonable fees and expenses of counsel selected by the Indemnified Person in advance of the final disposition of any such action to the full extent permitted by applicable Law,

upon receipt of any undertaking required by applicable Law, which advanced amounts shall be repaid in full to the Surviving Corporation by such Indemnified Person if any such matter is decided against such Indemnified Person, and (ii) the Buyer shall cause the Surviving Corporation to cooperate in the defense of any such matter.

(c) The Buyer shall cause the Surviving Corporation to provide until December 31, 2000 the employees of the Company and their dependents with an employee benefit program that is substantially comparable in the aggregate to the benefits currently provided by the Company. To the extent that any Benefit Plan of the Company is amended or terminated after the Closing Date so as to reduce the benefits that are then being provided with respect to participants thereunder, the Buyer shall cause each individual who is then a participant or beneficiary in such terminated or amended Benefit Plan to participate in any Benefit Plans maintained by the Buyer or its Affiliates so that the employee benefit program made available to any such individual is substantially comparable in the aggregate to any employee benefit program made available to a similarly situated employee of the Buyer, provided that: (i) any Company participant shall receive full credit for all years of service with the Company for purposes of recognition of service for eligibility and vesting; (ii) any Company participant shall participate in such plan on terms that are no less favorable than those offered to similarly situated employees of the Buyer; and (iii) any Company participant shall participate under any welfare-type benefit plan without any waiting periods, evidence of insurability or application of any pre-existing condition restrictions (except to the extent any such limitation has not been satisfied under any applicable Benefit Plan in which the participant then participates or is otherwise eligible to participate), and shall receive appropriate credit for purposes of satisfying any applicable deductibles, co-payments or out-of-pocket limits.

(d) The provisions of this Section 8.4 shall survive the Merger, and are intended to be for the benefit of, and shall be enforceable by, any officer or director of the Company and such person's heirs or representatives.

9. Conditions Precedent to the Buyer's Obligations.

All obligations of the Buyer and the Acquisition Company to be performed on the Closing Date shall be subject to the satisfaction (or waiver by the Buyer or the Acquisition Company), prior thereto, of the following conditions:

9.1 Representations True at Closing. Except as affected by the actions contemplated by this Agreement or by actions not prohibited by Section 7.1, the representations and warranties of any Seller Party contained in this Agreement and in any other certificate or other writing delivered to the Buyer Parties pursuant hereto, disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, shall be true and correct in all material respects on the date hereof and (except to the extent

such representations and warranties speak as of an earlier date) as of the Closing Date with the same force and effect as if made on the Closing Date.

9.2 Performance of Covenants. Each Seller Party shall have performed or complied in all material respects with all agreements, conditions and covenants required by this Agreement to be performed or complied with by such Seller Party on or before the Closing Date, and shall have delivered to the Buyer Parties evidence, in form and substance satisfactory to counsel to the Buyer Parties, that such covenants and agreements have been performed.

9.3 Certificates. The Buyer Parties shall have received a certificate of an executive officer of the Company to the effect set forth in Sections 9.1 and 9.2 with respect to the Company.

9.4 Litigation Affecting Closing. No Court Order shall have been issued or entered that would be violated by the completion of the Transactions.

9.5 Governmental Approvals. The waiting period applicable to the Merger under the HSR Act shall have expired or been terminated.

9.6 Customers. Except as set forth on Schedule 9.6, none of Walmart, Lowes, Home Depot, K-Mart and PetSmart shall have expressed since January 1, 1999 an intention to reduce materially the amount of business that it does with the Company so that, after taking into account any increases in sales to these and other customers, it is reasonably likely that the Company's aggregate level of annual sales will be materially reduced relative to the level in effect on the date hereof.

9.7 Employment and Consulting Agreements. Stephen W. Miller, George Heredia and Michael Mueller shall have tendered delivery of executed employment or consulting agreements with the Surviving Corporation with such respective agreements in the forms as were agreed to among the applicable parties on the date hereof.

9.8 Dissenting Shares. The number of Shares that constitute Dissenting Shares as contemplated by Section 2.8 shall not represent as of immediately prior to the Effective Time more than 1.5% of the sum of the outstanding Common Shares plus any Option Shares.

9.9 Options. All of the Options shall have been exercised or converted into the right to receive the Common Merger Consideration in accordance with Section 2.6.

9.10 Required Consents. The Company shall have delivered to the Buyer the Required Consents and any consents specified on Schedule 4.2.

9.11 Legal Opinion. The Buyer Parties shall have received a legal opinion of Willkie Farr & Gallagher, counsel to certain Seller Parties, and of Mariscal, Weeks, McIntyre & Friedlander, P.A., counsel to the remaining Seller Parties, in substantially the forms of Exhibits "C" and "D," respectively.

9.12 Ancillary Documents. The Company and the other intended parties thereto (other than any Buyer Party that is a party thereto) shall have tendered delivery of executed copies of the Escrow Agreement and the other documents contemplated by this Agreement.

9.13 Company Documents. The Company shall have delivered to the Buyer certified copies of the Company's Charter Documents, and a certificate of status, compliance, good standing or like certificate with respect to the Company issued by the appropriate government official of the Company's jurisdiction of incorporation.

9.14 Landlord Lien Subordination. The landlord under the Multi-Tenancy Industrial Lease Agreements dated December 19, 1997 and October 13, 1998 (as amended February 18, 1999) shall have agreed to subordinate its lien with respect to certain personal property of the Company to the liens of any holders of third party indebtedness of the Buyer or the Company on terms satisfactory to the Buyer.

10. Conditions Precedent to Obligations of the Seller Parties.

All obligations of the Seller Parties to be performed on the Closing Date shall be subject to the satisfaction (or waiver by the Holders' Representative), prior thereto, of each of the following conditions:

10.1 Representations True at Closing. The representations and warranties of any Buyer Party contained in this Agreement and in any other certificate or other writing delivered to the Seller Parties pursuant hereto, disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, shall be true and correct in all material respects on the date hereof and (except to the extent such

representations and warranties speak as of an earlier date) as of the Closing Date with the same force and effect as if made on the Closing Date.

10.2 Performance of Covenants. Each Buyer Party shall have performed or complied in all material respects with all agreements, conditions and covenants required by this Agreement to be performed or complied with by such Buyer Party on or before the Closing Date, and shall have delivered to the Seller Parties evidence, in form and substance satisfactory to counsel to the Company, that such covenants and agreements have been performed.

10.3 Certificates. The Seller Parties shall have received a certificate of an executive officer of each Buyer Party to the effect set forth in Sections 10.1 and 10.2 with respect to each Buyer Party, and each such certificate shall be deemed a representation of the related parties.

10.4 Litigation Affecting Closing. No Court Order shall have been issued or entered that would be violated by the completion of the Transactions.

10.5 Governmental Approvals. The waiting period applicable to the Merger under the HSR Act shall have expired or been terminated.

10.6 Legal Opinion. The Seller Parties shall have received an opinion of Morgan, Lewis & Bockius LLP, counsel to the Buyer Parties, in substantially the form of Exhibit "E."

10.7 Ancillary Documents. The Buyer Parties and the other parties thereto (other than the Company) shall have tendered delivery of executed copies of the Escrow Agreement and the other documents contemplated by this Agreement.

10.8 Required Consents. The Buyer Parties shall have delivered to the Seller Parties any consents specified on Schedule 5.3.

11. Indemnification.

11.1 Company-Related Indemnification.

(a) From and after the Closing Date, each Participating Common Holder shall severally indemnify and hold harmless each Buyer Party, its successors, assigns, officers, directors, employees, stockholders, agents, Affiliates and any Person who controls any of such Persons within the meaning of the Securities Act or the Exchange Act (each, a "Buyer Indemnified Party") from and against any liabilities, claims, demands, judgments, losses, costs, damages or expenses whatsoever (including reasonable attorneys', consultants' and other professional fees and disbursements of every kind, nature and description incurred by such Indemnified Party in connection therewith and any consequential or punitive damages, or both, to the extent that they are payable to a third party) (collectively, "Damages") that such Buyer Indemnified Party may sustain, suffer or incur and that result from, arise out of or relate to (i) any breach of any representation, warranty, covenant or agreement of the Company contained in this Agreement, (ii) any Liabilities for 1998 Matters, (iii) any Scheduled Environmental Matters, or (iv) any Dissenting Shares but only to the extent that any such Damages with respect to any Dissenting Shares exceed the Common Merger Consideration attributable to such Dissenting Shares; provided that the Buyer Indemnified Parties shall not be entitled to recover Damages in each instance from any Participating Common Holder in an amount exceeding the product of (x) the aggregate amount of such Damages and (y) such Participating Common Holder's Pro Rata Share. Any qualifications and exceptions relating to materiality or material adverse effect with respect to any representations or warranties shall be disregarded for the purposes of determining whether a Buyer Indemnified Party shall be entitled to indemnification hereunder with respect to such representations and warranties. In the case of any Damages that the Surviving Corporation actually sustains, suffers or incurs and that relate to any of the items specified in any of clauses (i) through (iii) above, any Buyer Indemnified Party that is an equity owner of the Surviving Corporation shall be deemed to have sustained, suffered or incurred such Damages in an amount that is at least equal to an amount that is proportionate to such Buyer Indemnified Party's ownership interest in such entity. For the avoidance of doubt, it is agreed that any Damages for which an Indemnified Party has been compensated pursuant to Section 2.14 shall not be further reimbursed pursuant to this Section 11. Notwithstanding the foregoing, no Damages may be recovered under this Section 11 by any Buyer Indemnified Party for any Scheduled Environmental

Matter or any breach of any representation or warranty under Sections 3.15(b) or (c) except in connection with any claim by any public or private third party against the Company.

(b) From and after the Closing Date, SunSource shall indemnify and hold harmless each Participating Common Holder, its successors, assigns, officers, directors, employees, stockholders and any person who controls any of such Persons (each, a "Seller Indemnified Party", and together with the Buyer Indemnified Parties, the "Indemnified Parties") from and against any Damages

that such Seller Indemnified Party may sustain, suffer or incur and that result from, arise out of, or relate to, any breach of any representation, warranty, covenant or agreement of any Buyer Party contained in this Agreement.

(c) Any calculation of Damages for purposes of this Section 11.1 shall be (i) net of any insurance recovery made by any Buyer Party (after taking into account the costs of recovery, the taxes paid on any such recovery and the amount of any increased premiums, including any retroactive premium adjustments) and (ii) reduced to take account of any net Tax benefit realized by any Buyer Party or the Company arising from the deductibility of any such Damages or Tax; provided that no Buyer Party shall be required solely for the purpose of realizing a benefit to take any tax position that could have a material adverse effect on such Buyer Party if taken and provided, further, that the Buyer Party shall not be required to disclose its (or its Affiliates') tax returns, work papers or other information with respect to the preparation of such returns, but shall be required to disclose the foregoing only to a nationally-recognized accounting firm that agrees to disclose only its conclusions to the Holders' Representative. Any payment hereunder shall initially be made without regard to this paragraph and shall be reduced to reflect any such net Tax benefit only after the Buyer Party has actually realized such benefit. For purposes of this Agreement, a Buyer Party shall be deemed to have "actually realized" a net Tax benefit to the extent that, and at such time as, the amount of Taxes payable by the Buyer Party is reduced below the amount of Taxes that it would have been required to pay but for deductibility of such Damages. The amount of any reduction hereunder shall be adjusted to reflect any final determination (which shall include the execution of Form 870-AD or successor form) with respect to the Buyer Party's liability for Taxes. Any payment in respect of Damages under this Section 11.1 shall be treated as an adjustment to the purchase price for Tax purposes, unless a final determination (which shall include the execution of a Form 870-AD or successor form) with respect to the Buyer Party causes any such payment not to be treated as an adjustment to the purchase price for US Federal income Tax purposes.

11.2 Securityholder-Related Indemnification. From and after the Closing Date, each Securityholder shall severally indemnify and hold harmless each Buyer Indemnified Party in accordance with this Section 11 from and against any Damages that such Buyer Indemnified Party may sustain, suffer or incur and that result from, arise out of or relate to any breach of any representation in Section 4, warranty, covenant or agreement of such Securityholder contained in this Agreement. If a Buyer Indemnifying Party shall be entitled with respect to any circumstances to recover Damages under both Section 11.1 and Section 11.2, the Buyer shall recover such Damages under Section 11.2 and shall not be entitled to recover such Damages under Section 11.1.

11.3 Holders' Representative.

(a) WPI shall act as the Holders' Representative (the "Holders' Representative") for the purpose of administering the Escrow Agreement, settling on behalf of the Participating Common Holders any indemnification claims made by any Buyer Indemnified Party under Section 11.1, representing the Participating Common Holders in connection with the determination of the Closing Net Worth and taking any other action that is specifically delegated to the Holders' Representative hereunder. A Buyer Indemnified Party shall give notice under this Section 11.3 of any claim for indemnification under Section 11.1 to the Participating Common Holder s and the Holders' Representative, but only the Holders' Representative shall be empowered, following such notice, to respond to or take any other action on behalf of the Participating Common Holders with respect to any such claim. The Participating Common Holders shall be bound by any and all actions taken on their behalf by the Holders' Representative in accordance with this Agreement.

(b) The Buyer Indemnified Parties shall be entitled to rely exclusively upon any communications or writings given or executed by the Holders' Representative and shall not be liable in any manner whatsoever for any action taken or not taken in reliance upon the actions taken or not taken or communications or writings given or executed by the Holders' Representative. Except as specifically contemplated by the Escrow Agreement, the Indemnified Buyer Parties shall be entitled to disregard any notices or communications given or made by any Participating Common Holders with respect to a claim under Section 11.1 unless given or made through the Holders' Representative.

(c) If the Holders' Representative becomes incapable of performing its responsibilities, the Participating Common Holders that immediately prior to the Effective Date owned a majority of the total of the outstanding Common Shares and Option Shares issuable under Exercisable Options shall choose another Holders' Representative.

(d) The Holders' Representative shall not be liable to any Participating Common Holder or any other Party for any action taken or omitted to be taken by him as Holders' Representative except in the case of willful misconduct or gross negligence. The Participating Common Holders shall severally, on a pro-rata basis, indemnify the Holders' Representative and hold it harmless from and against any loss, liability or expense of any nature

incurred by the Holders' Representative arising out of or in connection with the administration of its duties as Holders' Representative, including reasonable legal fees and other costs and expenses of defending or preparing to defend against any claim or liability in the premises, unless such loss, liability or expense shall be caused by the Holders' Representative's willful misconduct or gross negligence.

11.4 Procedure for Claims.

(a) Any Indemnified Party that seeks indemnification under any part of this Section 11 shall give notice (a "Claim Notice") to each Party alleged to be responsible for

indemnification hereunder (an "Indemnitor") prior to any applicable Expiration Date specified below. (For the purposes of this Section 11, the Holders' Representative shall be deemed the "Indemnitor" with respect to any claim under Section 11.1 even though the Holders' Representative is only acting in a representative capacity with respect to any such claim, but any Indemnified Party seeking indemnification shall nevertheless give the claim notice to each Party alleged to be responsible pursuant to the first sentence of this Section 11.4. Such notice shall explain in reasonable detail the nature of the claim and the parties known to be involved, and shall specify the amount thereof. If the Claim Notice is being sent under Section 11.1 or Section 11.2, the Indemnified Party shall also send a copy of the Claim Notice to the Escrow Agent. If the matter to which a claim relates shall not have been resolved as of the date of the Claim Notice, the Indemnified Party shall estimate the amount of the claim in the Claim Notice, but also specify therein that the claim has not yet been liquidated (an "Unliquidated Claim"). If an Indemnified Party gives a Claim Notice for an Unliquidated Claim, the Indemnified Party shall also give a second Claim Notice (the "Liquidated Claim Notice") within 60 days after the matter giving rise to the claim becomes finally resolved, and the Liquidated Claim Notice shall specify the amount of the claim. The Indemnitor to which a Claim Notice is given shall respond to any Indemnified Party that has given a Claim Notice (a "Claim Response") within 20 days (the "Response Period") after the later of (i) the date that the Claim Notice is given or (ii) if a Claim Notice is first given with respect to an Unliquidated Claim, the date on which the Liquidated Claim Notice is given. Any Claim Notice or Claim Response shall be given in accordance with the notice requirements hereunder (with a copy delivered to the Escrow Agent), and any Claim Response shall specify whether or not the Indemnitor giving the Claim Response disputes the claim described in the Claim Notice. If any Indemnitor fails to give a Claim Response within the Response Period, such Indemnitor shall be deemed not to dispute the claim described in the related Claim Notice. If any Indemnitor elects not to dispute a claim described in a Claim Notice, whether by failing to give a timely Claim Response or otherwise, then the amount of such claim shall be conclusively deemed to be an obligation of such Indemnitor.

(b) If any Indemnitor shall be obligated to indemnify an Indemnified Party hereunder, such Indemnitor shall pay to such Indemnified Party within 30 days after the last day of the Claim Response Period the amount to which such Indemnified Party shall be entitled. Prior to the date on which all Escrow Funds have been disbursed (the "Escrow Distribution Date"), however, an Indemnified Party shall first be entitled to payment of the related Damages under the Escrow Agreement with respect to a claim under Section 11.1, but only to the extent that Escrow Funds are then being held by the Escrow Agent and such amounts are not subject to other claims for indemnification. Following the Escrow Distribution Date or prior thereto if and to extent that such remaining Escrow Funds are insufficient to satisfy a claim, the Indemnified Escrow Party shall be entitled to payment directly from the Participating Common Holders for their respective Pro Rata Shares of the related Damages. In the case of a claim against any Participating Common Holder under Section 11.2 prior to the Escrow Distribution Date, an Indemnified Party shall first be entitled to payment of the related Damages under the Escrow Agreement, but only to the extent of the Indemnitor's proportionate share of any Escrow Funds that are then being held by the Escrow Agent and such amounts are not subject to other claims for indemnification. Following the Escrow Distribution Date or prior thereto if and to extent that the remaining unclaimed Escrow Funds are

insufficient to satisfy a claim, the Indemnified Party shall be entitled to payment directly from the respective Participating Common Holders that are obligated under Section 11.1 or Section 11.2, as the case may be. If there shall be a dispute as to the amount or manner of indemnification under this Section 11, the Indemnified Party may pursue whatever legal remedies may be available for recovery of the Damages claimed from any applicable Indemnitor. If any Indemnitor fails to pay all or part of any indemnification obligation when due, then such Indemnitor shall also be obligated to pay to the applicable Indemnified Party interest on the unpaid amount for each day during which the obligation remains unpaid at an annual rate equal to the Prime Rate plus 5%, and the Prime Rate in effect on the first business day of each calendar quarter shall apply to the amount of the unpaid obligation during such calendar quarter.

(c) Notwithstanding any other provision of this Section 11, except as provided below in this paragraph (c) and paragraph (d) below, (i) none of the Buyer Indemnified Parties shall be entitled to indemnification hereunder with respect to the breach of a representation or warranty by any Party (excluding any breaches covered by Section 11.2) until the aggregate of all Damages to such Indemnified Parties from all such breaches of representations or warranties exceeds $1.25 million (the "Deductible Amount"), and then only to the extent of such excess amount, (ii) none of the Participating Common Holders or Buyer Parties, respectively, shall be liable under this Agreement for an aggregate amount in excess of $18.5 million (the "Maximum Indemnification") and (iii) none of the Buyer Indemnified Parties, shall be entitled to make a claim for indemnification pursuant to Section 11.1(a) for any Damages that such Buyer Indemnified Party may sustain, suffer, or incur and that result from, arise out of or relate to any breach of any representation, warranty, comment or agreement unless the amount of such claim for indemnification is equal to or exceeds $10,000 (the "Minimum Claim Amount"). The foregoing limitations with respect to the Deductible Amount shall not apply, however, to (a) any breach of the Company's representations or warranties under Sections 3.1, 3.2 or 3.4(a), the penultimate sentence of Section 3.5 or the sentence of Section 3.25 with respect to aggregate oral commitments, (b) any Claim that can be based on a breach of a covenant or agreement as well as on a breach of a representation or warranty, or (c) any Claim with respect to any 1998 Matters. The foregoing limitations with respect to the Maximum Indemnification shall not apply, however, to (y) any breach of the Company's representations or warranties under Sections 3.1, 3.2, 3.4(a), 3.6 or the penultimate sentence of Section 3.5, or (z) any breach of any of any Party's representations or warranties that were made with an intent to mislead or defraud or with a reckless disregard of the accuracy thereof. Notwithstanding anything herein to the contrary, no Participating Common Holder shall be liable in connection with this Agreement or the Merger for any amounts in excess of such Participating Common Holder's pro rata portion of the Common Merger Consideration.

(d) Any Buyer Indemnified Party shall be entitled to indemnification hereunder for one-half of any Damages that such Buyer Indemnified Party may sustain, suffer or incur that result from, arise out of or relate to any Scheduled Environmental Matter, without the limitation of the Deductible Amount or the Minimum Claim Amount but subject to the limitation of the Maximum Indemnification, with such Buyer Indemnified Party bearing the other one-half of such Damages. The amount of Damages borne by any Buyer Indemnified Party with respect to such

Scheduled Environmental Matters shall count as Damages against the Deductible Amount in paragraph (c) above.

11.5 Claims Period. Any claim for indemnification under this Section 11 shall be made by giving a Claim Notice under Section 11.4 on or before the applicable "Expiration Date" specified below in this Section 11.5, or the claim shall be invalid. The following claims shall have the following respective "Expiration Dates": (a) the date that is one year after the Effective Date--any claims that are not specified in any of the succeeding clauses; (b) the date on which the applicable statute of limitations expires--any claim for Damages related to (i) a breach of any covenant or agreement, (ii) a breach of any representations or warranties in Section 3.13, or (iii) a breach of any representations or warranties of a Party to this Agreement that were made with an intent to mislead or defraud or with a reckless disregard of the accuracy thereof; and (c) the third anniversary of the Closing Date--any claim with respect to breaches of the representations or warranties in Sections 3.15(b) or (c). If more than one of such Expiration Dates applies to a particular claim, the latest of such Expiration Dates shall be the controlling Expiration Date for such claim. So long as an Indemnified Party gives a Claim Notice for an Unliquidated Claim on or before the applicable Expiration Date, such Indemnified Party shall be entitled to pursue its rights to indemnification regardless of the date on which such Indemnified Party gives the related Liquidated Claim Notice.

11.6 Third Party Claims. An Indemnified Party that desires to seek indemnification under any part of this Section 11 with respect to any actions, suits or other administrative or judicial proceedings (each, an "Action") that may be instituted by a third party shall give each applicable Indemnitor prompt notice of a third party's institution of such Action. For the purposes only of this Section 11.6, the Holders' Representative shall be deemed the Indemnitor with respect to any Action related to a claim under Section 11.1(a), but such designation shall be for administrative purposes and shall not increase the indemnification obligation of the Holders' Representative hereunder. After such notice, the Indemnitor may, or if so requested by the Indemnified Party, the Indemnitor shall, participate in such Action or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided, however, that the Indemnified Party shall in any event have the right to participate along with the Indemnitor in the defense of any such Action; and provided further that the Indemnitor shall not consent to the entry of any judgment or enter into any settlement, except with the written consent of the Indemnified Party, which consent shall not be unreasonably withheld. Any failure to give prompt notice under this Section 11.6 shall not bar an Indemnified Party's right

to claim indemnification under Section 11, except to the extent that the applicable Indemnitor shall have been harmed by such failure.

11.7 Effect of Investigation or Knowledge. Any claim by an Indemnified Party for indemnification shall not be adversely affected by any investigation by or opportunity to investigate afforded to the Buyer Parties. Each Party shall be deemed to be relying on the representations and warranties of any other Party set forth herein regardless of any investigation or audit conducted before or after the Closing Date or the decision of any Party to consummate the Transactions contemplated hereby and complete the Closing.

11.8 Contingent Claims. Nothing herein shall be deemed to prevent an Indemnified Party from making a claim hereunder for potential or contingent claims or demands provided the Claim Notice sets forth in reasonable detail the specific basis for any such potential or contingent claim and the Indemnified Party has reasonable grounds to believe that such a claim or demand may be made.

11.9 Other Remedies. After the Effective Time, Section 11.1 and Section 11.2 shall constitute the Buyer Parties sole and exclusive remedies in connection with this Agreement or the Merger for the recovery of money damages with respect to the matters described in Section 11.1 and Section 11.2. The terms of this Section 11.9 shall not limit any equitable remedy that may be available to the Buyer Parties with respect to the Transactions.

12. Termination.

12.1 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by mutual written consent of the Company and the Buyer;

(b) by either the Company or the Buyer, if the Closing has not occurred by the Termination Date; provided, however, that the right to terminate this Agreement under this paragraph (b) of Section 12.1 shall not be available to any Party that has breached any of its covenants, representations or warranties in this Agreement;

(c) by either the Company or the Buyer, if there shall be any Law that makes consummation of the Transactions illegal or otherwise prohibited or if any Court Order enjoining the Buyer or the Company from consummating the Transactions is entered and such Court Order shall become final and nonappealable;

(d) by the Buyer if any Seller Party shall have breached in any material respect any of its covenants hereunder or if the representations and warranties of any Seller Party contained in this Agreement shall not be true and correct in any material respect, except for such changes as are contemplated by this Agreement, and, in either event, if such breach is subject to cure, the applicable Seller Party shall not have cured such breach within 10 business days of the Buyer's notice of an intent to terminate; and

(e) by the Company, if any Buyer Party shall have breached in any material respect any of its covenants hereunder or if the representations and warranties of any Buyer Party contained in this Agreement shall not be true and correct in any material respect, except for such changes as are contemplated by this Agreement, and, in either event, if such breach is subject to cure, the applicable Buyer Party shall not have cured such breach within 10 business days of the Company's notice of an intent to terminate.

12.2 Effect of Termination. If this Agreement is terminated pursuant to Section 12.1, the covenants in Section 6.5 and in Section 6.6 shall survive the termination hereof. In addition, any Party may pursue any legal or equitable remedies that may be available if such termination is based on a breach of another Party.

12.3 Notice of Termination. Except in the case of termination by mutual consent, any termination under Section 13.1 shall be accomplished by notice in accordance with Section 13.7 to the Company in the case of any termination by the Buyer and to the Buyer in the case of any termination by the Company.

13. General.

13.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware.

13.2 Further Assurances. The parties hereto agree to execute and deliver any and all papers and documents necessary to complete the transactions contemplated hereby.

13.3 Binding Effect. This Agreement shall be binding upon the Parties hereto and their respective successors and assigns; provided, however, that this

Agreement and all rights hereunder may not be assigned by any Party hereto without the written consent of the other Parties; provided that Buyer may collaterally assign its rights hereunder to any party or parties providing financing to Buyer, including the Acquisition Financing. If after the Closing Date any Party or any of its successors or assigns (a) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (b) transfers all or substantially all of its properties, assets or stock to any Person, then and in each such case, proper provision shall be made so that the successors and assigns of any such Party (or their successors and assigns) shall assume the obligations of such Party in this Agreement.

13.4 Waiver of Conditions. Any Party hereto may waive any condition provided in this Agreement for its benefit.

13.5 Exhibits. All of the Exhibits attached to this Agreement are hereby incorporated herein and made a part hereof.

13.6 Entire Agreement. This Agreement and the Confidentiality Agreement contain the entire agreement among the parties hereto and there are no agreements, representations or warranties which are not set forth herein. All prior negotiations, agreements and understandings are superseded hereby. This Agreement may not be amended or revised except by a writing signed by all parties hereto.

13.7 Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given on the earlier of the

date when received at, or the seventh day after the date when sent by registered or certified mail to, the respective addresses specified for the parties below.

TO THE BUYER PARTIES:

The Hillman Group, Inc.
c/o SunSource Inc.
3000 One Logan Square
Philadelphia, PA 19103
Attention: Mr. Joseph M. Corvino
FAX: 215-282-1309

With a copy to:

Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Attention: Thomas J. Sharbaugh, Esq.
FAX: 215-963-5299

TO THE COMPANY:

Axxess Technologies, Inc.
9185 South Farmer Avenue
Tempe, AZ 85284
Attention: Stephen W. Miller
FAX: 480-731-6974

TO THE SECURITYHOLDERS AND THE HOLDERS' REPRESENTATIVE: the respective addresses set forth on Schedule 13.7

With a copy (in the case of the Company, the Participating Common Holders or the Holders' Representative) to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019-6099
Attention: William H. Gump, Esquire
Fax: 212-728-8111

13.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be binding as of the date first written above. Each such copy shall be deemed an

original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

13.9 Amendment. This Agreement may be amended by the Boards of Directors of the parties hereto at any time prior to the filing of the Certificate of Merger, and any such amendment shall be by a written instrument signed by the parties hereto; provided, however, that this Agreement may only be

amended without approval of the stockholders of the Company and the Acquisition Company to the extent permitted by applicable law.

13.10 Interpretation. Unless the context of this Agreement clearly requires otherwise, (a) references to the plural include the singular, the singular the plural, the part the whole, (b) references to any gender include all genders, (c) "including" has the inclusive meaning frequently identified with the phrase "but not limited to" and (d) references to "hereunder" or "herein" relate to this Agreement. Any determination as to whether a situation is material shall be made by taking into account the effect of all other provisions of this Agreement that contain a qualification with respect to materiality so that the determination is made after assessing the aggregate effect of all such situations. The section and other headings contained in this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified. Each accounting term used herein that is not specifically defined herein shall have the meaning given to it under GAAP.

13.11 Disclosure Schedules. The Buyer hereby acknowledges that the Company Disclosure Schedule (a) relates to certain matters concerning the disclosures required and transactions contemplated by this Agreement, (b) is qualified in its entirety by reference to specific provisions of this Agreement, (c) is not intended to constitute and shall not be construed as indicating that such subject matter is required to be disclosed, nor shall such disclosure be construed as an admission that such information is material with respect to the Company, except to the extent required by this Agreement and (d) disclosure of the information contained in one section of the Company Disclosure Schedule shall be deemed to be proper disclosure for all sections of the Company Disclosure Schedule unless disclosure in more than one section is necessary to make it clear that such disclosure is relevant to such additional section or sections.

[SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

SUNSOURCE INC.

By: ______________________________

THE HILLMAN GROUP, INC.

By: ______________________________

THE HILLMAN GROUP ACQUISITION CORP.

By: ______________________________

AXXESS TECHNOLOGIES, INC.

By: ______________________________

WARBURG, PINCUS INVESTORS, L.P.

By: Warburg, Pincus & Co.,
as its General Partner

By: __________________________

[SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER]

____
STEPHEN MILLER

____
GEORGE HEREDIA

____
DAVID RICHARDS

____
BRADLEY LINES

____
MICHAEL MUELLER

____
MARK YEARY

____
STEPHEN POLUDNIAK

EXECUTION COPY

EXHIBIT 2.2

VVP AMERICA, INC.,

VVP AMERICA ACQUISITION, L.L.C.,

SUNSOURCE INC.,

SUNSOURCE INVESTMENT COMPANY, INC.,

HARDING GLASS, INC.

AND

SUNSUB A INC.

ASSET PURCHASE AGREEMENT

Dated as of April 12, 2000

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Asset Purchase Agreement

Agreement, dated as of April 12, 2000, by and between VVP America, Inc., a corporation organized and existing pursuant to the laws of the State of Delaware (the "Parent"), VVP America Acquisition, L.L.C., a limited liability company organized and existing pursuant to the laws of the State of Delaware (the "Buyer") (the Parent and the Buyer are hereinafter collectively referred to as the "Acquisitive Parties" or, singularly, as an "Acquisitive Party"), SunSource Inc., a corporation organized and existing pursuant to the laws of the State of Delaware ("SunSource"), SunSource Investment Company, Inc., a corporation organized and existing pursuant to the laws of the State of Delaware ("SIC"), Harding Glass, Inc., a corporation organized and existing pursuant to the laws of the State of Delaware (the "Company"), and SunSub A

Inc., a corporation organized and existing pursuant to the laws of the State of Delaware (the "Owner") (the Owner, SIC, the Company and SunSource are hereinafter collectively referred to as the "Sellers" or, singularly, as a "Seller") (the "Agreement").

W I T N E S S E T H :

WHEREAS, SIC, a wholly owned subsidiary of SunSource, owns all of the issued and outstanding shares of capital stock of the Owner;

WHEREAS, the Owner owns all of the issued and outstanding capital stock of the Company;

WHEREAS, the Company desires to sell, and the Buyer desires to purchase, the business and certain of the related assets of Harding, each upon the terms and conditions hereinafter set forth; and

WHEREAS, in the absence of the execution and delivery hereof by SunSource and the joint and several liability of the Sellers, the Acquisitive Parties would not execute and deliver the Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements herein set forth, the parties hereto, intending to be bound by the terms and provisions hereof, agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. The terms defined in this Article 1, whenever used herein, shall have the following meanings for purposes of this Agreement:

"Acquisitive Parties Opinion" shall have the meaning ascribed to such phrase in Section 2.6(d) hereto.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such Person where "control" is defined as having ownership, directly or indirectly, of 20%, or more, of the voting stock or other equity interest of such Person.

"Assets" shall have the meaning ascribed to such word in Section 2.1 hereof.

"Assumed Liabilities" shall have the meaning ascribed to such phrase in Section 2.9 hereof.

"Balance Sheets" shall have the meaning ascribed to such phrase in Section 2.3(a) hereof.

"Bills of Sale" shall have the meaning ascribed in such phrase in Section 2.5(b) hereof.

"Bonus Accords" shall have the meaning ascribed to such phrase in Section 2.5(w) hereof.

"Branch Accounts Agreement" shall have the meaning ascribed to such phrase in Section 2.5(v) hereof.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banking institutions in Philadelphia, Pennsylvania, are authorized or required by law, or executive order, to close.

"Closing" means the consummation of the purchase of the Assets as contemplated by Section 2.1 hereof.

"Closing Date" means the date the Closing takes place.

"Closing Date Balance Sheet" has the meaning ascribed to such phrase in Section 2.3(a) hereof.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985.

"Code" means the Internal Revenue Code of 1986, as amended, or

any successor thereto.

"Draft Closing Date Balance Sheet" has the meaning ascribed to such phrase in Section 2.3(c) hereof.

"Environmental Claims" has the meaning ascribed to such phrase in Section 3.24(i) hereof.

"Environmental Laws" has the meaning ascribed to such phrase in Section 3.24(ii) hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor thereto.

"Estimated Closing Date Balance Sheet" has the meaning ascribed to such phrase in Section 2.3(a) hereof.

"Excluded Assets" shall have the meaning ascribed to such phrase in Section 2.8 hereof.

"Financial Statements" shall have the meaning ascribed to such phrase in Section 3.7 hereof.

"GAAP" means generally accepted U.S. accounting principles, consistently applied.

"General Real Property Lease Assignment" shall have the meaning ascribed to such phrase in Section 2.5(f) hereof.

"Harding" shall mean the Company.

"Hazardous Materials" has the meaning ascribed to such phrase in Section 3.24(iii) hereof.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Income Taxes" means all federal, state, local and foreign taxes (excluding franchise taxes) on, or based on, net income (including interest and penalties relating thereto) attributable to the operations of the Company.

"Initial and Estimated Payment" shall have the meaning ascribed to such phrase in Section 2.2 hereof.

"Instrument of Assumption" has the meaning ascribed to such phrase in Section 2.6(b) hereof.

"Insurance Policies" has the meaning ascribed to such phrase in Section 3.14 hereof.

"Intellectual Property Assignments" shall have the meaning ascribed to such phrase in Section 2.5(c) hereof.

"IRS" means the United States Internal Revenue Service.

"Issuer" means PNC Bank, National Association.

"Knowledge", as to Harding, means awareness, after a reasonable investigation, of any of Harold J. Cornelius, Jerry Cash, Larry D. Cardwell, Steven J. Wisdom, Randy Rickets, Thomas Strader, Lyn Hewlette, Bernard G. Bautch, Judy Byers or Gregory C. Yemm; and "Knowledge", as to any Seller other than Harding, means the awareness of any of Norman Edmonson, Donald Marshall (but only as to matters preceding April 28, 1999, at which time Donald Marshall retired) or Joseph M. Corvino.

"Landlords' Waivers" shall have the meaning ascribed to such phrase in Section 2.5(a) hereof.

"Law" shall mean any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Official Body.

"Letter of Credit" shall have the meaning ascribed to such phrase in Section 2.5(e) hereof.

"Liens" or a "Lien" shall mean any mortgage, deed of trust,

pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security.

"Lockbox Letter" shall have the meaning ascribed to such phrase in Section 2.5(s) hereof.

"Losses" shall mean any and all liability, loss, cost, damage or expense.

"LOF" shall have the meaning ascribed to such word in Section 2.3(a) hereof.

"LOF Note" shall have the meaning ascribed to such phrase in Section 2.3(a)(I) hereof.

"Mesa Sublease" shall have the meaning ascribed to such phrase in Section 2.5(i) hereof.

"MPM" shall have the meaning ascribed to said word as set forth in Section 5.8 hereof.

"Multiemployer Plan" shall have the meaning ascribed to such phrase in Section 3.15(a) hereof.

"National Data Letter" shall have the meaning ascribed to such phrase in Section 2.5(t) hereof.

"Official Body" shall mean any government or political subdivision or agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

"Permitted Liens" shall have the meaning ascribed to such phrase in Section 3.5 hereof.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust or unincorporated organization.

"Plan" shall have the meaning ascribed to such term in Section 3.15(a) hereof.

"Policy 21" shall have the meaning ascribed to such phrase in Section 2.3(a) hereof.

"Property Leases" shall have the meaning ascribed to such phrase in Section 2.8(a) hereof.

"Proprietary Rights" shall have the meaning ascribed to such phrase in Section 2.1 hereof.

"Purchase Price" shall be the sum of Thirty Three Million ($33,000,000) Dollars plus, or minus, the difference between Nineteen Million Six Hundred and Twelve Thousand ($19,612,000) Dollars and the tangible net worth of the Company as set forth on the Closing Date Balance Sheet.

"Raytown Lease" shall have the meaning ascribed to such phrase in Section 2.5(g) hereof.

"Real Estate Deliverables" shall have the meaning ascribed to such phrase in Section 2.5(d) hereof.

"Related Person" means any corporation, trade, business or entity under common control with the Company, within the meaning of Sections 414(b), (c) or (m) of the Code or Section 4001(b) of ERISA.

"Retained Liabilities" shall have the meaning ascribed to such phrase in Section 2.10 hereof.

"Retained Leased Real Property" shall have the meaning ascribed to such phrase in Section 2.8(a) hereof.

"Retained Owned Real Property" shall have the meaning ascribed to such phrase in Section 2.8(a) hereof.

"Roanoke Sublease" shall have the meaning ascribed to such phrase in Section 2.5(j) hereof.

"Schedule" means any of the disclosure schedules of the Sellers containing information relating to the Company or the Sellers pursuant to Section 3 hereof and the other provisions hereof that have been provided to the Acquisitive Parties on the date hereof.

"Sellers Opinion" shall have the meaning ascribed to such phrase in Section 2.5(l) hereof.

"SM Agreements" shall have the meaning ascribed to such phrase in Section 2.10(a) hereof.

"Standards" shall have the meaning assigned to such phrase in Section 2.3(a) hereof.

"Subleases" shall have the meaning ascribed to such word in Section 2.8(a) hereof.

"Subsidiary" means each corporation of which the Company owns, directly or indirectly, on the Closing Date, capital stock representing more than 50% of the outstanding voting stock and each partnership, joint venture or other Person in which the Company owns, or has the right to acquire, directly or indirectly, a majority equity interest.

"SunSource Revolver" means certain credit facilities under the revolving credit, term loan, guaranty, and security agreement, dated December 15, 1999, among SunSource and certain of its Affiliates, PNC Bank, National Association, as agent, and the other parties thereto, as amended, from time to time.

"TSA" shall have the meaning ascribed to such word in Section 2.5(o) hereof.

"Taxes" shall mean any and all taxes, including income taxes, charges, fees, levies or other assessments, including income, gross receipts, excise, real or personal property, sales, withholding, social security, occupation, use, service, service use, value added, license, net worth, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the IRS or any taxing authority (whether domestic or foreign), including any state, local or foreign government or any subdivision or taxing agency thereof (including a United States possession), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest, penalties or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies or other assessments.

"Tax Return" shall mean any report, return, document, declaration or other information or filing required to be supplied to any taxing authority or jurisdiction (foreign or domestic) with respect to Taxes.

"Territory" means all 50 states of the United States of America and the District of Columbia, Canada and Mexico.

"Time" shall have the meaning ascribed to such word in Section 2.3(a) hereof.

"Tucson Sublease" shall have the meaning ascribed to such phrase in Section 2.5(h) hereof.

ARTICLE 2
SALE AND PURCHASE OF ASSETS

2.1 Sale and Purchase of Assets Error! Bookmark not defined. The Company hereby sells, transfers, assigns, conveys and delivers to the Buyer, and the Buyer hereby purchases, acquires and accepts from the Company, all of the properties and assets of the Company and any predecessor or Subsidiary of the Company, excluding only the Excluded Assets, including those assets which are used by the Company but which are owned by a predecessor, or Affiliate or a Subsidiary of the Company and are located at a facility owned or leased by the Company or a predecessor as set forth on Schedule 2.1A hereto (all of such assets and properties to be hereinafter collectively referred to as the "Assets") upon the terms, and subject to the conditions, hereinafter set forth. The Assets so sold, assigned and transferred shall constitute all of the properties and assets of the Company or of any Affiliate of the Company or predecessor of the Company as are used in or in connection with the business of the Company, excluding the Excluded Assets and any administrative personnel and other assets related to services provided by a Seller, other than the Company, to the Company and located at 3000 Logan Square, Philadelphia, Pennsylvania 19103, of whatever kind, nature and description, tangible and intangible, real or personal, wherever situated, in which the Company has any right or interest,

including:

(a) all cash, other than as noted in Section 2.8(m), checks, marketable securities, notes, bank accounts, other than as noted in Section 2.8(l) hereof, (including all deposit accounts, lockboxes, lockbox accounts and any and all funds present therein on the date hereof and in the future) trade and other accounts receivable (other than those delineated in Section 2.8(d) hereof), royalties, deferred charges, advance payments, prepaid items (other than prepaid insurance assets and prepaid taxes [which are discussed elsewhere in the Agreement]), claims for refunds (other than those with respect to insurance policies of the Company or taxes), rights of offset and credits;

(b) all property, plant and equipment including all fee simple interests in all land other than the Retained Owned Real Property (as hereinafter defined), which shall be subject to a lease in the form attached as Exhibit 10, leaseholds (excluding the leases with respect to the facilities of the Company in Mesa, Arizona, Tucson, Arizona and Roanoke, Virginia [the "Retained Leases"]), easements, rights of way, licenses, railroad and other use agreements, rights to vacated land and other interests in land, computer and telephone equipment, machinery, equipment, tools, motor vehicles, transportation, packing and delivery equipment and supplies, furniture and fixtures;

(c) all contract rights and other intangible and tangible assets including:

(i) all leases, other than the Retained Leases, and leasehold estates and interests therein (including leases with respect to computer hardware or software used by the Company), permits, licenses, forbearances and consents;

(ii) all contractual and other rights and licenses under purchase orders, supply agreements, sales orders, agreements pursuant to which the Company, or any other Seller with respect to the business of the Company, is to indemnified (except the Agreement), joint venture agreements of the Company, or any other Seller with respect to the business of the Company, restrictive covenant agreements running in favor of the Company, or any other Seller with respect to the business of the Company, to the extent that the same are so assignable (to the extent that any of the same are not assignable, and all of the same are set forth, whether assignable or not, on Schedule 2.1B hereto, the Sellers agree to, at the sole cost, expense and liability of Buyer, to seek to enforce the same as, and to the extent that, the Buyer may, from time to time,

direct), agreements of employment, representative agreements, non-competition agreements to the extent that the same are so assignable (to the extent that any of the same are not assignable, and all of the same are set forth, whether assignable or not, on Schedule 2.1C hereto, the Sellers agree to, at the sole cost, expense and liability of Buyer, to seek to enforce the same as, and to the extent that, the Buyer may, from time to time, direct), dealer agreements, export agent agreements, consulting agreements, confidentiality agreements to the extent that the same are so assignable (to the extent that any of the same are not assignable the Company agrees to, at the sole cost, and expense and liability of the Buyer, to seek to enforce the same as, and to the extent that, the Buyer may, from time to time, direct), development agreements, assignment agreements and all other contracts, including any contracts

described in Section 3.10 and any Immaterial Contracts;

(iii) all proprietary rights existing in all countries, including all patents, patent applications, and patent disclosures, all trademarks, service marks, trade names, trade

dress, logos, designs, corporate names and all translations, adaptations, derivations and combinations thereof, and all registrations and applications to register any of the foregoing and all of the goodwill of the products, services or businesses with which any of the foregoing or the Company is, or has been, associated or in any way connected, all copyrightable subject matters, copyrights, copyright registrations and applications to register copyrights, all mask works, mask work registrations and applications to register mask works, all trade secrets, shop rights, know-how, confidential information, all licenses to, or from, third parties with respect to any of the foregoing, all copies and tangible embodiments to the foregoing (in whatever form or medium) owned by the Company, together with all rights to sue and to recover for past infringement or misappropriation of any of the foregoing;

(iv) all discoveries, improvements, processes, formula (secret or otherwise), databases and computer software in both source code and object code form, if any), and documentation

related thereto, owned by the Company, data, engineering, technical and shop drawings, art work, specifications and ideas (including those in the possession of third parties and which are the property of the Company), whether protectable or not, licenses and other similar agreements, and all drawings, records, books or other indicia, however evidenced, of the foregoing (and all copies and intangible embodiments thereof owned by the Company, in whatever form or medium);

(v) all supplies on hand and in transit, inventories of finished goods, raw material and work-in-process;

(vi) all memberships, agencies and permits, of whatever kind or nature;

(vii) all books of account, customer records, customer lists, mailing lists, files, papers and records relating to the Assets and the business and affairs of the Company including those with respect to the Assets and the Assumed Liabilities in the possession of the Company on the Business Day preceding the date hereof;

(viii) all goodwill in the business of the Company; and

(ix) all franchise and all right, title and interest in and to the use of the names "Harding", "Harding Glass", "One Stop Glass Shop" and any other and additional trademark, service mark, trade name, name or designation similar or dissimilar to any of the foregoing used in connection with the business of the Company or as set forth in the Intellectual

Property Assignments (the rights in Sections 2.1(c)(iii), (iv), (viii) and (ix) are hereinafter collectively referred to herein as the "Proprietary Rights").

2.2 The Purchase Price. Simultaneous with the execution and delivery hereof the Owner agrees to cause the Company to sell, and the Buyer shall purchase and accept, the Assets, for a cash purchase price equal to Thirty Three Million ($33,000,000.00) Dollars plus, or minus, on a dollar for dollar basis, the difference between the tangible net worth of the Company, as determined in accordance with the terms hereof, and as set forth on the Estimated Closing Date Balance Sheet (as hereinbelow defined), and Nineteen Million Six Hundred and Twelve Thousand ($19,612,000) Dollars (the "Initial and Estimated Payment"), said Initial and Estimated Payment to be subject to later adjustment in accordance with the terms hereof.

2.3 Determination of Closing Date Balance Sheet.

(a) Not later than April 6, 2000, the Sellers shall have delivered to the Acquisitive Parties the estimated closing date balance sheet, as of the close of business on the Closing Date (the "Time"), of the Company, which is acceptable to the Acquisitive Parties (the "Estimated Closing Date Balance Sheet"). The Estimated Closing Date Balance Sheet, the Draft Closing Date Sheet (as defined below) and the closing date balance sheet, as of the Time (the "Closing Date Balance Sheet") (the Estimated Closing Date Balance Sheet, the Draft Closing Date Balance Sheet and the Closing Date Balance Sheet are hereinafter collectively referred to as the "Balance Sheets"), shall each be prepared in accordance with the "Standards", which shall consist of the following principles, (A) GAAP applied on a consistent basis except where otherwise addressed herein, (B) each of the Balance Sheets will reflect the results of the February 25, 2000 and the March 31, 2000, physical inventories of the Assets rolled forward, in accordance with GAAP to reflect the gains and losses on the February and March physical inventories on the Balance Sheets; (C) the Balance Sheets shall each reflect accrued vacation and sick pay expenses as of the Closing Date, (D) each of the Balance Sheets shall contain such additional provisions if any, as may be required by "Policy 21", of the Company as attached herewith as Schedule 2.3A , (E) the value of the tangible Assets of the Company on the Balance Sheets, including the value of the inventory and the property, plant and equipment of the Company will reflect the adjustments, if any, indicated by the result of the February 25, 2000, and March 31, 2000, physical inventory of the Assets, rolled forward, in accordance with GAAP, to

the appropriate date on the relevant balance sheet in order to assure an appropriate evaluation of the physical inventory in accordance therewith, said process to be performed by the Company in accordance with prior practices of the Company subject only to GAAP, (F) all accounts payable on the Balance Sheets are to be supported by appropriate documentation, (G) each of such Balance Sheets shall contain a reserve equal to Two Hundred and Five Thousand ($205,000.00) Dollars representative of those bonus payments to be made by the Buyer, within ten (10) days after the date hereof, as set forth on Schedule 2.3B hereto (the "GBK"), (H) each of such Balance Sheets shall reflect the deletion therefrom of (i) the book value of the real property assets of the facility of the Company in Raytown, Missouri and the projected net book value accorded to the leasehold interests of the Company with respect to its facilities in Tucson, Arizona, as of April 12, 2001, Mesa, Arizona, as of February 28, 2002, and Roanoke, Virginia, as of February 25, 2002, and (ii) any value with respect to any intangible assets of the Company, as defined by GAAP, including good will and intellectual property rights and any value accorded to any litigation presently being prosecuted or pursued by the Company, other than any litigation with respect to the collection of accounts receivable being acquired by the Buyer pursuant to the terms hereof, (I) there shall be recorded on each of such Balance Sheets an entry reflective of the indebtedness of the "Harding Glass Industries a division of SDI Operating Partners, L.P." to Libbey-Owens-Ford Company ("LOF") pursuant to the note, dated April 20, 1988, from said debtor to LOF (the "LOF Note") thereunder on the Closing Date in the amount of Nine

Hundred Seventy-Four Thousand ($974,000) Dollars, (J) there shall be established a reserve, on each of the Balance Sheets, in the amount of Two Hundred and Three Thousand ($203,000) Dollars for each of (i) any severance liabilities, costs and expenses of the Company to be paid in a manner consistent with the existing severance plan of the Company as set forth on Schedule 3.15(a) hereof and (ii) the "stay plan" of the Company, as set forth on Schedule 3.15(a) hereto, with respect to employees of the Company so employed by the Company on the date hereof (such reserve not to be applied or applicable with respect to any obligation of any party to any individual executing an SMA [complete liability with respect to each SMA, and with respect to each person executing an SMA, to

be a "Retained Liability" for any and all purposes hereof]) said reserve to be the sole liability of the Sellers with respect to the severance liabilities to be paid in accordance with the severance plan set forth in Schedule 3.15(a) and the "stay plan" of the Company as set forth on Schedule 3.15(a) hereto, and in the event that less than One Hundred and Three Thousand [$103,000.00] Dollars is expended pursuant to the "severance plan" of the Company as set forth on Schedule 3.15(a) hereto with respect to employees of the Company so employed by the Company on the date hereof, the remaining sum, if any, shall be paid to the Company, as soon after the date hereof as the same may be responsibly calculated, (K) on each of the Balance Sheets there shall be recorded an entry reflective of the value of only those accounts receivable of the Company bearing an invoice date on, or after, the 1st day of January, 2000, and those accounts

receivable of the Company bearing an earlier invoice date and noted on Schedule 2.3C hereto, (L) each of the Balance Sheets shall reflect accrued group medical insurance, dental insurance, life insurance and accidental death and dismemberment reserves, consisting of reserves for services performed prior to, but unpaid by the Company as of, the Closing Date for the Company's employees under the medical, dental, life, and accidental death and disability plans (collectively considered the "medical plans"); and (M) any current or deferred assets or liabilities relating to prepaid insurance assets and Taxes shall be removed from each of the Balance Sheets.

(b) The Buyer shall, in accordance with the Agreement, pay, or cause to be paid, to the Owner and by wire transfer to that account delineated in Schedule 2.3(b) hereto, and in immediately available U.S. funds, against delivery to the Acquisitive Parties of all documents required to be delivered by the Sellers, the Initial and Estimated Payment.

(c) As soon as is practicable after the Closing Date, but in any event within a period of ninety (90) days thereafter, the Sellers shall prepare and deliver to the Acquisitive Parties a Draft Closing Date Balance Sheet of the Company (the "Draft Closing Date Balance Sheet") as of the Time prepared in accordance with the Standards and said Draft Closing Date Balance Sheet shall be accompanied by a detailed quantitative analysis of any differences between the Estimated Closing Date Balance Sheet and the Draft Closing Date Balance Sheet. The Acquisitive Parties shall, within a period of

thirty (30) days after receipt by the Acquisitive Parties of such Draft Closing Date Balance Sheet, advise the Sellers, in writing, as to any manner in which the Acquisitive Parties believe that the Draft Closing Date Balance Sheet has not been prepared in accordance with the Standards. In the event that such written statement of the Acquisitive Parties is not received by the Sellers within said thirty (30) day period, the Draft Closing Date Balance sheet shall be deemed, for any and all purposes, to be the Closing Date Balance Sheet. In the event the written statement of disagreement from the Acquisitive Parties is timely received, the Sellers shall be afforded a period of thirty (30) days, after receipt by the Sellers of the same, to advise the Acquisitive Parties, in writing, as to disagreements of the Sellers, if any, therewith. In the event that the Acquisitive Parties do not receive, within such thirty (30) day period, the written statement of disagreement from the Sellers, the written statement of disagreement from the Acquisitive Parties shall be deemed, for any and all purposes, to be accepted by the Sellers, with the effect that all such changes proposed in the statement of disagreement of the Acquisitive Parties shall be accepted and automatically incorporated into the Closing Date Balance Sheet. In the event that the Acquisitive Parties do receive the written statement of disagreement of the Sellers on or prior to the expiration of the thirty (30) day period afforded to the Sellers the parties shall seek, for a period of thirty (30) days thereafter, to "amicably resolve" their disagreements with respect to the "Draft Closing Date Balance Sheet", in accordance with the Standards and the Agreement. If the parties do so resolve all of their differences the parties shall thereupon timely jointly prepare the "Closing Date Balance Sheet", evidencing the agreement of the parties.

In the event that the parties are not able to so resolve their differences, payment shall be made, as appropriate, to effect any agreements between the parties and any matters remaining in controversy shall be referred for final resolution, in accordance with the Standards and the Agreement, to the Cincinnati, Ohio, office of one (1) of the five (5) largest United States independent certified public accounting firms which has no business relationship with any of the Acquisitive Parties or the Sellers. If the parties hereto fail to agree on such accounting firm within ten (10) Business Days, any of the parties hereto may request the American Arbitration Association to appoint such an accounting expert (or another accounting firm if all five (5) accounting firms decline to accept or are disqualified from accepting, the engagement), and such appointment shall be conclusive and binding upon the parties hereto. The

fees, costs and expenses of said firm shall be borne equally by the Acquisitive Parties and the Sellers and the "Closing Date Balance Sheet", as determined by such accounting firm, shall be, for any and all purposes, deemed to be the "Closing Date Balance Sheet."

(d) The Sellers shall permit the accountants and other representatives of the Acquisitive Parties to, at any time and from time to time, observe, and participate in, the preparation of the Draft Closing Date Balance Sheet, and each of the Sellers and the Acquisitive Parties shall make

available to the other parties, and their accountants and other representatives, such documents, instruments, work papers and supporting documentation as they may wish to review and make available to such parties such employees of, and records of, the Sellers or the Acquisitive Parties, as the case may be, as they may desire to interview and review in connection with their review of the Balance Sheets and in connection with any dispute arising from the same.

(e) The Acquisitive Parties and the Sellers, as the case may be, shall make payment, free and clear of any offsets, deductions or counterclaims, within five (5) Business Days of receipt of the Closing Date Balance Sheet, howsoever derived, in order to, on a dollar-for-dollar basis, reflect all differences between the Purchase Price and the Initial and Estimated Payment.

(f) Other than with respect to the liabilities and reserves established on the Balance Sheets with respect to accounts receivable, inventory and warranty matters, in the event that any reserves established on the Closing Date Balance Sheet are not fully utilized, or do not then remain payable, as calculated on December 31, 2000 in a manner consistent with the Company's prior practices, the Buyer shall remit such unused amount to the Company subject to the dispute resolution procedure in Section 2.3(c); provided, however, that, the parties shall seek to effect full disposition of any remaining reserves with respect to warranty not later than five (5) years from

the date hereof. Similarly, in the event that any reserves or accruals specifically established on the Balance Sheets are less than the liability of the Company with respect to the category covered by such reserves, as of the period prior to the Closing, and such liability is paid by the Buyer, the Sellers shall, within ten (10) days of being advised by the Buyer of the amount of said insufficiency, pay to the Buyer the difference between such reserves or accruals and the amount so paid by the Buyer subject to the dispute resolution procedure in Section 2.3(c).

2.4 Closing. The Closing shall take place at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103-2921, at 9:00 A.M., local time, on the date hereof. For GAAP and tax purposes, the Closing shall be effective as of the close of business on the Closing Date.

2.5 Closing Deliveries by Sellers. At the Closing, the Sellers shall deliver, or cause to be delivered, the following to the Acquisitive Parties:

(a) The landlords' consents to assignment and waivers in the form attached herewith as Exhibit 1, executed by each lessor of real property leased to, or otherwise occupied by, the Company as set forth on Schedule 2.5(b) hereto and received, on or before the date hereof, by any Seller (hereinafter collectively referred to as the "Landlords' Waivers").

(b) A bill of sale in the form attached hereto as Exhibit 2, with respect to those accounts receivable of the Company bearing an invoice

date on, or after, the 1st day of January, 2000, a bill of sale, in the form attached herewith as Exhibit 3, with respect to those accounts receivable of the Company noted on Schedule 2.3C, a bill of sale, in the form attached herewith as Exhibit 4, with respect to all leased non-real estate property and assets of the Seller, a general bill of sale with respect to the Assets, in the form attached hereto as Exhibit 5, and a separate bill of sale, in the form attached herewith as Exhibit 6, from each owner as to such vehicles in each state of registration thereof with respect to all vehicles, including cars, trucks, tractors and trailers owned by either the Company, or any affiliate or predecessor thereof and used (if owned by the Company or a predecessor thereof) in whole or in part, in the business of the Company (hereinafter collectively referred to as the "Bills of Sale"), together with original ownership cards and documents and other

evidence of ownership of each of the vehicles being transferred by the Sellers or their predecessors pursuant to the terms hereof.

(c) Assignments transferring to the Buyer all of the Proprietary Rights (the "Intellectual Property Assignments"), in the forms attached hereto as Exhibit 7, or in such other form, or forms, as may be appropriate or necessary, in the opinion of the Acquisitive Parties, for recordation in any and all jurisdictions.

(d) With respect to all real property owned by the Company, or any predecessor thereto, to be acquired by the Buyer pursuant to the terms hereof, as set forth on Schedule 2.5 hereto, the Sellers shall deliver (i)

a special warranty deed in form and substance reasonably satisfactory to the Acquisitive Parties, fully executed and acknowledged by the Company, or the record owner thereof, conveying the subject property to the Buyer, subject only to the Permitted Encumbrances, (ii) a certificate from the Sellers in a form reasonably acceptable to the Acquisitive Parties and a title insurance company to be designated by the Acquisitive Parties ("Title Company") stating that each of the Sellers is a United States taxpayer and is not a foreign estate or trust or any other foreign entity or person in accordance with applicable law and the regulations of the IRS, (iii) such forms and certificates prescribed by each municipality where each property is located transferring all municipal water, wastewater and other utilities capacity and reservations applicable to the subject property with all capital recovery, and other charges paid, (iv) a Seller's affidavit and such other documents, receipts, certificates, instruments or agreements as are reasonably required by the Title Company and/or customary for the closing of a real estate transaction in the jurisdiction in which such property is located, and (v) a wire transfer made payable to the order of the Title Company, representative of the sum of the following adjustments (as shown on the fully executed HUD-1 Settlement Sheet prepared by the Title Company), each to be effective as of the date hereof:

(i) The total of all real estate taxes, general or special, and all other public charges or assessments against the subject properties (collectively, the "Real Estate Charges") that

are payable on an annual basis pro-rated on a per diem basis to and as of the date hereof (such pro-rations shall be based upon the respective fiscal years of taxing bodies levying such taxes);

(ii) Fifty percent (50%) of all recordation stamps or taxes and all transfer taxes imposed upon the conveyance of the subject property and/or the recordation of the deeds; and

(iii) Fifty percent (50%) of all fees for to the recordation of the deeds (all of the foregoing are hereinafter collectively referred to as an the "Real Estate Deliverables").

(e) The Irrevocable Letter of Credit in favor of the Buyer in the amount of Two Million ($2,000,000.00) Dollars issued by the Issuer for a term of two (2) years from the date hereof and then to be reduced to an amount equal to the amount of any then outstanding claims by the Buyer against any Seller pursuant to the Agreement in the form of Exhibit 8 hereto (the "Letter of Credit");

(f) The General Real Property Lease Assignment executed by the Sellers in the form attached hereto as Exhibit 9 (the "General Real Property Lease Assignment");

(g) A lease agreement executed by the Company, in the form attached hereto as Exhibit 10, with respect to the facility of the Company at 10000 E. 350 Highway, Raytown, Missouri 64138 (the "Raytown Lease");

(h) A sublease agreement, in the form attached hereto as Exhibit 11, by and between the Company and the Buyer with respect to the facility leased by the Company located at 4750 East Speedway Boulevard, Tucson, Arizona (the "Tucson Sublease");

(i) A sublease agreement, in the form attached hereto as Exhibit 12, by and between the Company and the Buyer with respect to the facility leased by the Company located at 955 South Country Club Road, Mesa, Arizona 85210 (the "Mesa Sublease");

(j) A sublease agreement, in the form attached hereto as Exhibit 13, by and between the Company and the Buyer with respect to the facility leased by the Company located at 5312 Williamson Road, Roanoke, Virginia 24012 (the "Roanoke Sublease");

(k) A separate certificate, dated the Closing Date and in the form attached hereto as Exhibit 14, signed by the President or a Vice President of each of the Sellers, to the effect that (A) all representations and warranties of the Sellers are true and correct in all material respects and (B) that the Sellers have performed and complied in all material respects with all agreements, contracts and conditions required by this Agreement to be performed

and complied with by them prior to or on the date hereof, subject to such exceptions to subpart (B) as are set forth on a schedule appended to such certificate with respect to the failure, or possible failure, of the Sellers to have obtained certain consents to the transfer to the Buyer of all the right, title and interest of the Sellers to certain contracts, agreements and understandings of the Sellers;

(l) The written opinion of Morgan, Lewis & Bockius, LLP, counsel to the Sellers, dated the Closing Date, in the form attached herewith as Exhibit 15 (the "Sellers' Opinion");

(m) A certificate in the form attached hereto as Exhibit 16 of the Sellers that the Sellers have received all necessary governmental consents or approvals to permit the Sellers to consummate the transactions contemplated by this Agreement;

(n) A certificate, in the form attached hereto as Exhibit 17, of the Sellers that all applicable waiting periods under the HSR Act have expired or been terminated and no court order has been entered that enjoins, restrains or prohibits consummation of the transactions contemplated by this Agreement or questions the validity of this Agreement, and that there is no pending or threatened litigation, proceeding or investigation that restrains, prohibits or prevents or, in the reasonable opinion of the Sellers, presents a significant risk of restraining, prohibiting or preventing, or changing the terms of the transactions contemplated by this Agreement or which otherwise

would materially and adversely affect the condition, financial or otherwise, of the Company;

(o) The transition services agreement executed by the Company in the form of Exhibit 18 hereto (the "TSA");

(p) The assignment, in the form attached hereto as Exhibit 19, to the Buyer of all right, title and interest of SunSource with respect to each of the confidentiality and non-competition provisions of employment agreements, dated December 9, 1999, between SunSource and Harold J. Cornelius, Jerry Cash, Larry D. Cardwell, Steven J. Wisdom, Randy Ricketts, Thomas Strader, Lyn Hewlette, Bernard G. Bautch and Gregory C. Yemm;

(q) Evidence that the Buyer has been designated as an "additional insured" on those insurance policies of the Company set forth on Schedule 2.5(a) which shall include the personal injury and property/casualty insurance policies of the Company or of the Sellers with respect to the Company;

(r) Evidence that the Company has taken actions to satisfy all conditions as set forth in Section 5.1(b) of the Agreement, to the obligations of the Buyer to assume any liability with respect to the Plans;

(s) Letter from the Company to each of Commerce Bank, N.A. and UMB Bank N.A. (the "Lockbox Banks") in the form attached herewith as Exhibit 20 (the "Lockbox Letter");

(t) Letter by the Company to NDC/eCommerce in the form attached herewith as Exhibit 21 (the "National Data Letter");

(u) [Intentionally Omitted];

(v) Letter agreement, dated as of the date hereof, by and between the Company, the Buyer, VVP Funding Corporation, Redwood Receivables

Corporation and General Electric Capital Corporation in the form attached herewith as Exhibit 23 (the "Branch Accounts Agreement");

(w) Letter Agreements, dated as of the Closing, and in the form attached hereto as Exhibit 24, between each of the individual signatories to the SMA Agreements and SunSource (the "Bonus Accords"); and

(x) The letter, dated as of the date hereof, from the Issuer to the Company in the form attached hereto as Exhibit 25 (the "Payoff Letter").

2.6 Closing Deliveries by the Acquisitive Parties. At the Closing, the Acquisitive Parties shall deliver, or cause to be delivered, the following to the Sellers:

(a) Cash in the amount of the Initial and Estimated Payment, by wire transfer of immediately available U.S. funds to the account identified on Schedule 2.6(a) hereto; and

(b) An instrument of assumption with respect to the Assumed Liabilities in the form attached hereto as Exhibit 26 (the "Instrument of Assumption");

(c) A separate certificate, dated the Closing Date and in the form attached hereto as Exhibit 27, signed by the President or a Vice President of each of the Acquisitive Parties to the effect that (A) all representations and warranties of the Acquisitive Parties are true and correct in all material respects (B) and that the Acquisitive Parties have performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed and complied with by them prior to or on the date hereof;

(d) The written opinion of Thorp, Reed & Armstrong, LLP, counsel to the Acquisitive Parties, dated the Closing Date, in the form attached hereto as Exhibit 28 (the "Acquisitive Parties' Opinion");

(e) A certificate in the form attached hereto as Exhibit 29 of the Acquisitive Parties that the Acquisitive Parties have received all necessary government consents or approvals to permit them to consummate the transactions contemplated by this Agreement;

(f) A certificate in the form attached hereto as Exhibit 30 of the Acquisitive Parties that all applicable waiting periods under the HSR Act have expired or been terminated and no court order shall have been entered that enjoins, restrains or prohibits consummation of the transactions contemplated by this Agreement or questions the validity of this Agreement, and that there is no pending or threatened litigation, proceeding or investigation that restrains, prohibits or prevents or, in the reasonable opinion of the Acquisitive Parties, presents a significant risk of restraining, prohibiting or preventing, or changing the terms of the transactions contemplated by this Agreement or which otherwise would materially and adversely effect the condition, financial or otherwise, of the Buyer;

(g) The Intellectual Property Assignments;

(h) The General Real Property Lease Assignment;

(i) The Raytown Lease;

(j) The Tucson Sublease;

(k) The Mesa Sublease;

(l) The Roanoke Sublease;

(m) The TSA;

(n) The AA Agreements;

(o) The Branch Accounts Agreement;

(p) Evidence that Buyer has taken actions to assume those Employee Benefit Plans which Buyer agreed to assume in Section 5.1(a) herein, however said assumption is conditioned upon the satisfaction of certain conditions precedent by the Sellers as noted in Section 5.1(b) hereof (the

Closing to be dispositive evidence of the satisfaction of this condition precedent); and

(q) The Bonus Accords.

2.7 Timeliness of Payments. In the event that any sums due and owing pursuant to this Agreement are not paid on, or before, the date that such sums become due and payable or, if disputed, the date such sums are adjudicated to be, or mutually agreed, in writing, to have become, due and payable (the "Due Date"), such unpaid sums shall bear interest, from the due date, until so received by the recipient party, at that interest rate equal to the lesser of (A) the highest rate permitted by applicable law or (B) the product of (i) 1.50 and (ii) that interest rate then paid or to be paid by the party who has failed to make the payment when due with respect to "short term unsecured" indebtedness for borrowed funds pursuant to such company's then existing credit facility, if any, or if no such facility then exists, that interest rate then paid by such party with respect to indebtedness for borrowed funds due within one (1) year of the first borrowing thereof, as the same may change from time to time.

2.8 Assets Not Purchased by the Buyer. The parties hereto agree that, notwithstanding anything to the contrary contained herein, or elsewhere, the Buyer is not purchasing, directly or indirectly, any right, title or interest in, and to, the following assets (said assets are hereinafter collectively referred to as the "Excluded Assets");

(a) The real property and real estate leases of the Company or a predecessor thereof as are set forth on Schedule 2.8A hereto (hereinafter collectively referred to as the "Retained Owned Real Property"), each of which shall either be the subject of a lease agreement by and between the Company, or a predecessor thereof, and the Buyer in the form attached hereto as Exhibit 31 hereto (the "Property Lease") or (Y), as to the balance of the properties set forth on Schedule 2.8A (hereinafter collectively referred to as the "Retained Leased Real Property"), each of which shall be the subject of a sublease agreement by and between the Company, or an Affiliate thereof, and the Buyer in the form attached hereto as Exhibit 32, 33 or 34 (the "Subleases");

(b) Any right, title or interest of the Company in, or to, the employment contract, dated February 9, 1999, between the Company and Larry Ervin (the "Ervin Contract");

(c) Any and all litigation set forth on Schedule 3.11A hereto including those claims of the Company with respect to the claim asserted by PCL Construction Services, Inc., as general contractor, with respect to the "Hoover Dam Project" and with respect to "In Re: Flat Glass Antitrust

Litigation" presently pending in the United States District Court for the Western District of Pennsylvania, Master Docket Misc. 97-550, MDL 1200;

(d) Those accounts receivable of the Company as are set forth on Schedule 2.8(d) hereto;

(e) Any of the issued and outstanding capital stock of any Affiliate of the Company;

(f) Any right, title or interest of the Company in, or to, the Agreement;

(g) Insurance policies of the Company and all rights thereunder to receive refunds, retrospective premium payments and prepaid insurance refunds;

(h) All right, title and interest of the Company in and to any and all escrow accounts established with respect to the acquisition by the Company of the issued and outstanding capital stock of Pritchard and Premier (as hereinafter defined);

(i) Any and all Tax refunds relating to periods prior to the Closing and prepaid taxes;

(j) All corporate seals, charter documents, minute books, stock books, tax returns (the Buyer being permitted to obtain and retain a full and complete copy thereof) and other records relating to the organization of the

Company; provided, however, the financial, operational, market and sales, accounting, accounts receivable, accounts payable and other like records are to

be conveyed to the Buyer simultaneously herewith;

(k) Refunds relating to prepaid business licenses and prepaid insurance policies;

(l) The account of the Company to which the Initial and Estimated Payment is to be transmitted and any cash in such account; and

(m) Any remaining cash in account No. 350-565-0 at Will Rogers Bank & Trust Company that was created pursuant to that certain escrow agreement, dated August 7, 1991, between Harding Glass Industries, Hillcrest Health Center and Will Rogers Bank and Trust Co. (in the approximate amount of Fifteen Thousand ($15,000.00) Dollars).

2.9 Liabilities Assumed by the Buyer. The Buyer agrees to assume, discharge in accordance with their terms, and indemnify, defend and hold harmless the Sellers, and each of their respective officers, subsidiaries, affiliates, directors, employees, representatives and agents, from and against any and all Losses based upon those liabilities of the Company reflected, and only to the extent so reflected, on the Closing Date Balance Sheet and those obligations and liabilities of the Company arising, from and after the date hereof, as a consequence of (a) the contracts and agreements of the Company specifically listed on a schedule, or schedules, to this Agreement, (b) other

contracts of the Company as to which the Buyer will receive the economic benefit after the date hereof that were not required to be listed on such schedules by the terms of this Agreement, (c) those benefit plans set forth on Schedule 3.15(a) hereto and designated on such Schedule as an "Assumed Plan", subject to the satisfaction of all related conditions precedent thereto and delivery to the Buyer of the documents referred to in Section 2.5(r) hereof and (d) any and all Taxes arising solely and exclusively from the operation of the business by the Buyer or the ownership of the Assets, in each case from and after the date hereof (hereinafter collectively referred to as the "Assumed Liabilities".

2.10 Liabilities Not Assumed by the Acquisitive Parties. Notwithstanding anything to the contrary contained in the Agreement, or otherwise, except as to the Assumed Liabilities, the Acquisitive Parties are not assuming, or agreeing to be responsible for, any or all Losses arising, whether known or unknown, contingent or otherwise, out of any action or omission prior to the date hereof, or after the date hereof as may be provided herein, by, or on behalf of, the Company, or any of its predecessors, Affiliates or Subsidiaries, or any of their respective officers, directors, agents and employees, including any and all Losses arising, whether currently asserted or asserted at any time hereafter, as a direct or indirect consequence of (all liabilities and obligations as are hereinafter set forth and described in Sections (i) through (xxii) hereof are hereinafter referred to as the "Retained Liabilities") (i) any claims or assessments, known or unknown, by any federal,

state or local authorities for any Taxes or interest, fines or penalties thereon with respect to the Company, and any predecessor thereto, or any Affiliate or Subsidiary of any of the foregoing parties to the extent such claims relate to periods prior to the Closing Date, (ii) any Loss, of whatever kind or nature, contingent or otherwise, including those based upon contract, statute or tort, with respect to products, work-in-process, or goods or services of the Company, and any predecessor thereto or any Affiliate or Subsidiary of any of the foregoing parties, manufactured and sold prior to the date hereof including any Loss based upon injuries to persons, property or business by reason of the defectiveness, improper design or manufacture or malfunction, or otherwise, of any products sold or services provided by the Company, or any predecessor thereof, or any Affiliate or Subsidiary of the foregoing, (iii) any tort, crime, breach of contract or violation of any law or regulation by the Company, any predecessor of the Company, or any Affiliate or Subsidiary of any of the foregoing parties, or any of their respective employees, agents or representatives that occurred prior to the date hereof, (iv) any obligations or liabilities of the Sellers to the Acquisitive Parties pursuant to the Agreement, (v) any actual or alleged liability or obligation pursuant to "employee benefit" plans, arrangements, agreements or practices, actual or alleged employment contracts, distributor, agency or sales representative agreement or understanding or pension, retirement, disability, medical, dental or other health, life insurance or death benefit, profit sharing, deferred compensation, vacation, sick, holiday or other paid leave, severance plan (except pursuant to

the GBK) and fringe benefit plans or arrangements maintained or contributed to by the Company, any predecessor thereof, or any Affiliate or Subsidiary of any of the foregoing, other than with respect to the Savings Plan (as hereinafter defined) or the Profit Sharing Plan (as hereinafter defined) hereto subject to

the full and complete fulfillment of the conditions precedent to the assumption thereof by the Buyer, as are set forth in Section 5.1(b) hereto, with respect to past or present employees of any such entities or their dependents or other affiliated parties including any "employee benefit plans", "welfare plans", and "pension plans" as defined in ERISA provided, however, that such liabilities or obligations described in this subsection arose prior to the Closing Date and are not specifically otherwise addressed pursuant to the terms of this Agreement, (vi) any liability or obligation of the Company as of the Closing Date to any actual or prospective lenders (including principal and interest obligations to financial institutions or others), investors (including common stock and preferred stock investors, including employees, officers, directors and consultants who have acquired stock, stock options or warrants under any employee benefit plans), option holders or warrant holders, (vii) any accounts payable and accrued operating expenses incurred prior to the Closing in excess of the reserves expressly established with respect thereto on the Closing Date Balance Sheet, (viii) any Excluded Assets, (ix) any liability of the Company, or any predecessor thereof, or any Affiliate or Subsidiary of any of the foregoing, arising out of any action or omission prior to the date hereof by, or on behalf of, any of such parties, or their respective officers, directors, agents or

employees incurred under, or imposed by, any federal, state or local law, ordinance, rule or regulation or other legal requirement or common law including those pertaining to workmens' compensation or the Environmental Laws or with respect to past or past or present employees or alleged employees, (x) the violation, prior to the date hereof, of the terms of any agreements, contracts or understandings to which the Company, or any past or present Subsidiary, Affiliate or predecessor thereof, was a party or by the terms of which it may be bound, (xi) any claims by actual, or alleged, insurance or surety companies against any Seller based upon actions or omissions, or payments or remittances that occurred, prior to the date hereof, including retrospective premium adjustments, deductibles or payments for costs and expenses; provided that the Buyer shall promptly pay over to the Company any refund, adjustment or other payment made by insurance or surety company that the Buyer receives after the date hereof and that relate to the period prior thereto, (xii) any and all claims or obligations of any Seller pursuant to any of the employment agreements, each instrument being dated December 9, 1999, between SunSource and each of Harold J. Cornelius, Jerry Cash, Larry D. Cardwell, Steven J. Wisdom, Randy Ricketts, Thomas Strader, Lyn Hewlette, Bernard G. Bautch and Gregory C. Yemm (hereinafter collectively referred to as the "SM Agreements") including any claim asserted by, or on behalf of, any individual who is a party to any SM Agreement against the Company, or any Acquisitive Party (whether based on any changes in employment terms, conditions or status occurring at any time prior to the date hereof or within one (1) year from the date hereof, the only

obligations of the Buyer to any of said parties to be to pay salaries and provide "welfare plan" benefits as are made available to like situated employees, but not severance liabilities or liabilities incurred as a result of complying with COBRA, or any similar payment, after the date hereof), (xiii) any claim for severance, or other compensation, or payment, based upon a change in employment status, location, position, authority, compensation or any other basis asserted, with respect to actions both before and after the date hereof, against any Acquisitive Party by any of Harold J. Cornelius, Jerry Cash, Larry D. Cardwell, Steven J. Wisdom, Randy Rickets, Thomas Strader, Lyn Hewlette, Bernard G. Bautch or Gregory C. Yemm on or before, or with respect to any period prior to the first anniversary of the date hereof including any claim based, in whole or in part, upon the amendment or cessation of the employment relationship between any of the foregoing named individuals and any Acquisitive Party prior to the first anniversary of the date hereof and any claim asserted against any Acquisitive Party by any person who was an employee of any Seller prior to the date hereof and is not offered employment by any of the Acquisitive Parties following the Closing Date; (xiv) any claim by any shareholder, former shareholder, or warrant holder of any of Pritchard Glass, Inc. ("Pritchard") or Premier Glass Services, Inc. ("Premier") or any predecessor, including any claim for additional funds based, in whole or in part, upon the purchase of the issued and outstanding capital stock of Pritchard or Premier due and owing, for any reason to such former shareholders, (xv) the closure or abandonment of any

facility of the Company, or any of its predecessors, prior to the date hereof, including any lease termination, expiration or amendment or fees, costs and expenses relating to such closure or abandonment; (xvi) any Loss with respect to any actions, or omissions, by or on behalf of the Company, or any predecessor, or Premier with respect to those facilities of Premier previously located in Jacksonville, North Carolina, Fayetteville, North Carolina and Walterboro, South Carolina, (xvii) the failure of the Company, or any predecessor thereto, to have obtained any required consents or approvals with respect to the assignment or transfer to the Buyer of any Assets, contracts, leases, licenses, agreements or

understandings entered into by the Company or any Affiliate or predecessor to the Company, provided that such Loss arises out of such failure to obtain such consent or approval and not out of the Acquisitive Parties' failure to comply with the material provisions (provisions with respect to the requirement to obtain any consent or approval as to this transaction only with respect to the assignment, or attempted assignment, or de facto assignment, of any of the same shall not be considered, for any purposes hereof, to be included within the purview of "material provisions" for purposes hereof) of such contracts, leases, licenses, agreements or understandings after the date hereof; (xviii) any failure of any assets of the Company reflected on the Closing Date Balance Sheet to be owned, of record, by the Company, (xix) any Loss with respect to the litigation described in Schedule 3.11A hereof, including Mary Jane Parson v. S.D.I. Operating Partners L.P., Kathy Conway v. Harding Glass, the "Hoover Dam

Visitors Project", In Re: Flat Glass Antitrust Litigation in the United States District Court for the Western District of Pennsylvania, Master Docket Misc. No. 97-550, MDL 1200, the facilities of the Company formerly located in Omaha, Nebraska, and Salina, Kansas, Ronald Marrocco vs Harding Glass, Inc., Jimmie McFall, Jr. vs. Escambio County School District and Harding Glass, Inc., Ophelia's L.L.C. and Construction Technologies, Inc. v. Harding Glass Industries, Inc., Harwood v. Harding Glass, Inc., Hiller Electric Company v. Michael Glenn, et al., Hiller Electric J.P.&T., Inc. et al. and J. Arrington vs. Harding Glass, Inc. and any manner, cause of, action, claim or other liability arising, directly or indirectly, therefrom, (xx) any of the independent contractor agreement, dated February 9, 1999, among Pritchard Management Group, Inc. and the parties thereto, the agreement, effective January 1, 2000 to December 31, 2002, by and between "Harding Glass Denver" and the Glaziers, Architectural Metal and Glass Workers Local Union No. 930, Service Agreement, dated June 21, 1999, by and between Aramark Uniform Services, Inc. and the Company, Service and Supply Agreement, dated April 29, 1999, by and between G&K Services, Inc. and the Company, Service Agreement, dated April 18, 1997, by and between Aramark Services, Inc. and the Company, any insurance policy by and between SunSource and Legion Insurance Company, letter agreement, dated January 25, 1999, between the Company and Graftec of Rockford, Inc., the tax consulting agreement, dated March 16, 1998, by and between the Company and KMR Consulting, Ltd., the Ervin Contract (with respect to said contract the Sellers agree to not amend or terminate, or attempt to amend or terminate, the same for thirty (30)

days after the date hereof and the Buyer agrees to comply, on behalf of the Sellers, with sections 4(b) and 4(c) thereof as long as Mr. Ervin is an employee of the Buyer), the employment contract, dated February 2, 1999, between the Company and Donald Beard, and the employment contract, dated April 30, 1998, by and between the Company and Robert S. Blackburn and the severance plan, dated as of May 1, 1996, amended January 1, 1997, of the Company, (xxi) the failure of any Plan or any Multiemployer Plan to be fully funded in accordance with the terms of said plan and applicable Law as of the date hereof and (xxii) any third party claim against the Company or any Subsidiary or Affiliate, or any predecessor of any of the foregoing, resulting from the operation of the businesses of the Company and the Affiliates or Subsidiaries, or any predecessor of any of the foregoing, on or before the date hereof.

ARTICLE 3

JOINT AND SEVERAL REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers jointly and severally represent and warrant to the Acquisitive Parties as follows:

3.1 Organization and Qualification of the Company and the Absence of Subsidiaries. The Company has no Subsidiaries and is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, with all requisite power and authority to own, lease and operate its properties and carry on its business as presently conducted. The

Company is in good standing as a foreign corporation and licensed or qualified to transact business in each jurisdiction in which the nature of the properties owned, leased or operated by it, or the business transacted by it, requires it to be so licensed or qualified. Set forth on Schedule 3.1A hereto is a list of each jurisdiction in which the Company is qualified to do business as a foreign corporation. The copy of the certificate of incorporation and bylaws of the Company appended herewith as Schedule 3.1B is complete and correct and there are no dissolution, liquidation or bankruptcy proceedings pending, contemplated by or threatened, in writing, or threatened, to the Knowledge of the Company, orally against the Company or any of the other Sellers or any Affiliate of any of the foregoing entities.

3.2 Equity InterestsError! Bookmark not defined..

(a) Schedule 3.2 sets forth and identifies all Persons in which the Company holds any equity interest, and all of the issued and outstanding capital stock of the Company is owned of record by the Owner, free and clear of any Liens.

(b) There are not outstanding any subscriptions, options, calls, warrants or other rights or agreements to acquire from the Company or the Owner or any other party any shares of capital stock or other securities of the Company.

(c) The Company has no Subsidiaries.

3.3 Authority.

(a) The Sellers are each a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, with all requisite power and authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the performance by the Sellers of their respective obligations hereunder have been duly authorized by all necessary corporate action on behalf of the Sellers. This Agreement has been duly executed and delivered by the Sellers and constitutes the legal, valid and binding obligation of the Sellers, enforceable against each of them in accordance with its terms.

(b) Except as set forth in Schedule 3.3(b), neither the execution and delivery of this Agreement by the Sellers, nor the consummation of the transactions contemplated hereby will: (i) require any filing with, notification to, or permit, authorization, consent or approval of, any Person, other than an Official Body, (ii) violate, conflict with, result in a breach of or constitute a default under, (A) the certificate of incorporation or by-laws (or other similar charter or governing documents) of any of the Sellers or (B) any judgment, order, injunction, decree or award of any court, arbitrator, administrative agency or governmental body to which any Seller is a party, or by which any of them (or any of their respective properties or assets), is subject or bound, (iii) result in the creation of, or give any party the right to create, any Lien upon any of the properties or assets of the Company, (iv)

violate, conflict with or result in the breach, modification or termination of, or give any other party the right to terminate or modify the provisions or terms of any contract, agreement, lease, mortgage, bond, indenture, commitment, license, franchise, permit, authorization, concession or other instrument or obligation to which the Company or any other Seller is a party or by which it (or any of its properties or assets) are subject or bound or (v) violate or conflict with any statute, rule, regulation, ordinance or code applicable to any Seller.

3.4 No Governmental Consents. Except for the filing requirements under the HSR Act, and except as set forth on Schedule 3.4, no filing with, notification to, or permit, authorization, consent or approval of, any Official Body is necessary for the consummation by the Sellers of the transactions contemplated by this Agreement.

3.5 Properties, etc. Except as otherwise set forth in Schedule 3.5A, the Company has (a) good, indefeasible and insurable fee simple title (insurable by a reputable title company at its standard rates) to those properties listed on Schedule 3.5B, or valid leasehold or license interests in, all of the real property leased to the Company as listed on Schedule 3.5C and (b) good title to, or valid leasehold or license interests in, all of the tangible personal property and assets, that are reflected on the Balance Sheets, other than assets or properties sold, retained, closed or otherwise disposed of in compliance with the Agreement. With respect to the assets that the Company

owns other than real property, except as otherwise set forth in Schedule 3.5D, the Company owns each of such assets free and clear of any Liens other than (i) Liens for taxes not yet due and payable or which are being contested in good faith by appropriate proceedings as set forth on Schedule 3.5E hereto, (ii) such other easements, covenants, declarations, restrictions and encumbrances (not including monetary liens) that may be set forth in any properly recorded document relating to the real property owned by the Company that do not adversely impact upon the value, marketability, use or utility of such real property, (iii) statutory liens for amounts not yet due and payable, (iv) the

right of customers of the Company with respect to inventory or work-in-progress under orders or contracts entered into by the Company, as set forth on Schedule 3.5F hereto, (v) deposits or pledges that are statutory obligations to secure workmen's compensation, unemployment insurance, old age benefit or other social security obligations and (vi) liens of carriers, workers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for amounts not yet due and payable (the Liens expressly described in the foregoing clauses being referred to as the "Permitted Liens"). Except as set forth in Schedule 3.5G, all leases, conditional sale contracts, franchises or licenses pursuant to which the Company is currently holding, or using, any Assets are valid and effective, and the Company has performed all of its payment and other material obligations to be performed prior to the date hereof under all such leases, conditional sales contracts, franchises, licenses or easements, and the Company has not received any notice of default or termination thereunder and has

no Knowledge of any facts or other circumstances which, with notice or lapse of time, or both, would constitute a payment or other material default thereunder. Attached hereto as Schedule 3.5H is a list of all vehicles currently owned by the Company, or by any of its predecessors or Affiliates, which are used in the business of the Company, and attached herewith, as Schedule 3.5I, is a list of all vehicles currently leased to the Company, or to any of its predecessors or Affiliates, which are used in the business of the Company, a list of all such lease agreements is attached herewith as Schedule 3.5J hereto.

3.6 Patents, Licenses and Related Matters.

(a) Except as set forth in Schedule 3.6(a)(i), the Company is the sole owner of, or has a valid and effective license or otherwise has the right to use, all patents and applications therefor, inventions (whether patentable or not), trade secrets, expertise, know-how, trademarks and trade names and registrations and applications therefor, copyrights, and copyright registrations and applications therefor and other intangible property of any kind that is, or has been, in the five (5) year period immediately preceding the date hereof, used in the operation of the business of the Company (hereinafter collectively referred to as the "Intellectual Property"). The Company owns or uses no copyrights, or patents or patent applications, and all Intellectual Property owned or licensed by or to the Company is set forth in Schedule 3.6(a)(ii), and all royalties, fees and other payments due and payable and other

contractual obligations and covenants to be performed by the Company to keep such Intellectual Property in effect have been made or performed.

(b) Except as described in Schedule 3.6(b), the Company has not been charged with or received any claim or charge (oral or written), nor is there any basis, to the Knowledge of the Company, for any such claim or charge, with respect to the actual or alleged infringement (whether in the past or as an ongoing matter) of any unexpired patent, trademark, trademark registration, trade name, copyright, copyright registration, trade secret or other proprietary right of any other party.

(c) There are no licenses pursuant to which the Company is a licensor of Intellectual Property, and all licenses under which the Company is a licensee or sublicensee of Intellectual Property are valid and enforceable, and the Company has made all payments and performed all of its other obligations and covenants in connection therewith, and the representations and warranties of the Company to the licensors and sublicensors thereof were true and correct when made.

3.7 Financial Statements. Attached herewith, as Schedule 3.7A, is the balance sheet and related statement of loss and cash flow of the Company as of, or for the period ending, as the case may be, December 31, 1999 (the "Financial Statements"). The Financial Statements, present fairly, in all materials respects, the financial position of the Company, and the results of operation thereof, as at the date thereof, or for the period then ending subject

to the absence of complete footnotes, none of such footnotes, had they been prepared, would have discussed, referred or described any contingent liabilities of the Company, except as referred to or described herein, have been prepared in accordance with GAAP, consistently applied, and are in accordance with the books and records of the Company.

3.8 Absence of Undisclosed Liabilities. Except to the extent reflected on, or reserved against, or otherwise disclosed in the Financial Statements or as set forth on Schedule 3.8A hereto, as of the date hereof, the Company does not have, any liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise, which would be of a nature required

by GAAP to be disclosed on the Financial Statements which are not disclosed thereon in compliance with GAAP and the Company has no liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise, which would be of a nature required by GAAP to be disclosed on the Closing Date Balance Sheet, which are not disclosed on the Estimated Closing Date Balance Sheet in accordance with GAAP.

3.9 Absence of Certain Changes or Events. Except as set forth on Schedule 3.9A, since December 31, 1999, (a) there has not been: (i) any adverse change in the financial condition or results of operations of the Company or (ii) any damage or destruction out of the ordinary course of business or casualty loss, whether or not covered by insurance, and (b), except as set forth in Schedule 3.9B, the Company has not (i) issued, or agreed to issue, or

deliver, or agreed to deliver, any bonds (except bid or performance bonds entered into in the ordinary course of business, as set forth on Schedule 3.9C) or notes whether or not secured, or to be secured, by a Lien, (ii) borrowed, or agreed to borrow, any funds or incurred or become subject to any obligation or liability (absolute, accrued, contingent or otherwise) that has or may result in the attachment of a Lien (other than Permitted Liens) on all, or any, of the assets of the Company other than pursuant to the SunSource Revolver, none of such liens with respect to indebtedness for borrowed funds pertain or attach or relate to any Assets, (iii) sold or transferred, or agreed to sell or transfer, any assets, properties or rights other than in the ordinary course of business, (iv) waived any contractual rights except in the ordinary course of business and in no event in excess of Five Thousand ($5,000.00) Dollars, singularly, or in excess of Thirty Thousand ($30,000.00) Dollars, in the aggregate, (v) made, or permitted, any amendment to or termination of any contract except in the ordinary course of business consistent with prior practice, (vi) made any accrual or arrangement for the payment of bonuses or special compensation of any kind to any present or former officers or employees, (vii) increased the rate of compensation payable, or to become payable, by the Company to its officers, employees or agents, except for salary or hourly increases made consistent with prior practice and pursuant to their respective present salary review and administration programs or union contracts, (viii) except as may be required by Law or as may be consistent with their respective customary practices or union contracts, increased the benefits under any of the respective plans relating to

compensation, profit-sharing, bonus, deferred compensation, severance pay, insurance, pension, vacation, retirement or other similar plans applicable to its respective officers, employees or agents, (ix) made any unusual and significant change in any method of operations or in accounting methods, principles or practices or (x) agreed, in any way, to do any of the foregoing.

3.10 Contracts. Schedule 3.10A lists or describes all contracts, agreements, leases, commitments, licenses, franchises, permits, authorizations, concessions or other instruments or obligations to which the Company is a party, or by which it is bound, as of March 15, 2000, the Company having conducted its affairs, from and after that date, in compliance with the ordinary course of business of the Company, and which (a) are mortgages, indentures, bonds, loan or credit agreements, security agreements and other agreements and instruments relating to the borrowing of money or extension of credit, or providing for the guaranty of the obligations of any party (other than performance or bid bonds entered into in the ordinary course of business); (b) are distributorship or other agreements providing for the marketing and/or sale of products or services; (c) are employment contracts or arrangements, consulting or commission sales contracts or arrangements; (d) involve arrangements with customers or suppliers for the sharing of fees, the rebating of charges or other similar arrangements; (e) contain covenants expressly, or impliedly, limiting, in any way, the freedom of the Company to compete in any

line of business with any Person in any geographic area or certain non-competition agreements running in favor of the Company; (f) are executory contracts or options relating to the acquisition, or sale, by the Company of any capital stock, other equity securities, indebtedness or assets of any operating business or contracts or options for the purchase of any asset, tangible or intangible, other than in the ordinary course of business; or (g) as of March 15, 2000, obligate, or may obligate, the Company to, the Company having conducted its affairs, from and after said date, in a manner consistent with the ordinary course of business of the Company and in compliance with the terms hereof, pay more than Five Thousand ($5,000.00) Dollars or entitle or may entitle the Company to receive more than Five Thousand ($5,000.00) Dollars provided that contracts or other arrangements which are cancellable on not more than thirty (30) days notice without cause or penalty or contracts or other arrangements under which the executory obligation of the Company was less than Five Thousand ($5,000.00) Dollars (the "Immaterial Contracts") shall not be

required to be listed in each of (a) - (g) (all such contracts or other arrangements described in the foregoing clauses (a) - (g), excepting the Immaterial Contracts, are hereinafter referred to as "Material Contracts"). Except as set forth on Schedule 3.10B, the Company is not a licensor of any assets or property and has performed all of its payment and performance obligations to be performed prior to the date hereof under all Material Contracts, and neither the Company nor, to the Knowledge of the Company or the other Sellers, any other party to any such contract is in breach thereof or

default thereunder and there does not exist any event, to the Knowledge of the Company or any of the other Sellers, which, with the giving of notice, or the lapse of time, or both, would constitute such a breach or default, except for such breaches, defaults and events as to which requisite written waivers or consents have been obtained by the Company, or a different Seller, prior to the date hereof.

3.11 Litigation. Except as set forth in Schedule 3.11A, there is no claim, action, suit, administrative action, arbitration, proceeding or investigation pending, threatened, in writing, or, to the Knowledge of the Company or the other Sellers threatened, orally, against, or involving, the Company or any of its properties or assets before any court or governmental or regulatory authority or body or before any arbitral forum. There is no litigation pending or threatened, in writing, or, to the Knowledge of the Company, or the other Sellers, threatened, orally, against, or with respect to, the Company which could give rise to any right of indemnification from the Company for the benefit of any past or present director, officer or employee of the Company, or his, or her, heirs, executors or administrators. Except as listed in Schedule 3.11B, the Company is not subject to any judgment, order, writ, injunction, decree or award.

3.12 Compliance with Law.

(a) The Company has all governmental licenses, franchises, permits and authorizations that are legally required to enable it to

carry on its businesses as presently conducted (such licenses, franchises, permits and authorizations are listed on Schedule 3.12(a)(i) and are hereinafter referred to as the "Permits"). Each of the Permits is in full force and effect. Except as described in Schedule 3.12(a)(ii), no proceeding is pending, or threatened in writing or, to the Knowledge of the Company or any other Seller, threatened, orally, in which any party seeks the revocation or limitation of any Permit, and, to the Knowledge of the Company or the other Seller, there is no basis or grounds for any such revocation or limitation and no circumstances exist that would prevent all, or any, of the Permits from being transferred, or reissued, without modification or amendment.

(b) Except as set forth in Schedule 3.12(b), the Company has conducted, and is now conducting, its businesses and operations in compliance with all applicable Law, judgments and court or administrative orders.

3.13 Labor Matters. Except as set forth in Schedule 3.13 attached hereto, (i) the Company is not a party to, or bound by, any collective bargaining agreement or any affirmative action plan established pursuant to any local, state or federal law or order of any governmental body or court; (ii) the Company has discharged all liabilities with respect to severance or termination pay to former employees; (iii) there is no unfair labor practice charge or complaint against the Company pending or threatened, in writing or, to the Knowledge of the Company or any other Seller, threatened, orally, before the

National Labor Relations Labor Board or other Official Body; (iv) there is no complaint or proceeding pending or threatened, in writing, or to the Knowledge of the Company or any other Seller, threatened, orally, before the Equal Employment Opportunity Commission or other Official Body based on any actual, or alleged, discrimination or other failure of the Company, or any employee thereof, to comply with the laws and regulations with respect to equal employment opportunity; (v) there are no grievance or arbitration proceedings arising out of collective bargaining agreements to which the Company is party; (vi) there is no current labor strike or stoppage actually pending against, or affecting, the Company, and the Company has not experienced any labor strikes or stoppages since January 1, 1995; (vii) there is no written collective bargaining agreement or individual agreement relating to employees of the Company being negotiated and no collective bargaining agreements to which the Company is a party, or by the terms of which it is, or may be, bound; (viii) there are no written individual agreements, or other written or oral representations, which have been made to any employees of the Company to commit any Acquisitive Party

or the Company to retain them as employees for any period of time subsequent to the date hereof, or that are, in any way, inconsistent with their status with the Company as "employees-at-will" who may be terminated at any time without cause or notice, except as otherwise provided by Law; (ix) the Company is not subject to any settlement or consent decree that is currently effective and that relates to any present or former employee, employer representative or any Official Body related to claims of unfair labor practices, employment

discrimination or other claims in respect to employment practices and policies, and no Official Body has issued a judgment, order, decree or finding with respect to the labor and employment practices of the Company; and (x) the Company has not been issued any deficiency letters by any Official Body or entered into any settlement agreements, conciliation agreements or letters of commitment with any Official Body which have any present effect (or could reasonably be expected to have any future effect) on the employment practices or policies of the Company.

3.14 Insurance. Schedule 3.14A lists all insurance policies currently in effect (such list noting, as to each and every one of such Insurance Policies [as hereinafter defined]), the name of the insurance company, the policy number, the policy term, assets covered, risks insured against, deductibles and retrospective premium adjustments) covering the Company or any of its properties or operations, without regard to whether the Company or any other Seller is a party thereto (hereinafter singularly referred to as an "Insurance Policy" or collectively referred to as the "Insurance Policies"). No notice of termination of any Insurance Policy has been received by the Company, any of the other Sellers or any Affiliate of any of the foregoing entities. The Company has timely notified, or otherwise timely filed claims with, the relevant insurers issuing Insurance Policies, or predecessor insurance policies, with respect to each claim, other than those claims set forth on Schedule 3.14B hereto with respect to which, in each instance, the Company believed that there

were good and valid business reasons (which would not include the possible impact thereof on the "net" cost to the Company of procuring, or maintaining, such insurance in the future) for not asserting a claim against the said insurer with respect thereto, arising during the five (5) year period immediately preceding the date hereof, which the Company reasonably believed would be covered by one (1), or more, of such Insurance Policies.

3.15 Employee Benefit Matters.

(a) Schedule 3.15(a) is a true and complete list of all pension, retirement, disability, medical, dental, accident or other health, life insurance or death benefit, profit sharing, deferred compensation, vacation, sick, holiday or other paid leave, severance plan and fringe benefit plans or arrangements maintained by, or contributed to, by the Company with respect to past or present employees of either the Company or any ERISA Affiliate (as hereinafter defined) or their dependants or other affiliated parties including any "employee benefit plans" (as defined in Section 3(3) of ERISA), welfare plans and pension plans, as defined in Sections 3(1) and 3(2) respectively, of ERISA, collective bargaining agreements and employment contracts which are maintained by the Company or any ERISA Affiliate in respect of, or which otherwise cover, any other current or former employees of the Company or any eligible beneficiaries of said current or former employees. Each and every such plan set forth on Schedule 3.15(a) which is sponsored or maintained by the

Company is hereinafter referred to as a "Plan" and, collectively, as the "Plans" and each of the same as are set forth on Schedule 3.15(a) to which the Company is obligated to contribute pursuant to the terms of a collective bargaining agreement and to which more than one (1) employer is required to contribute within the meaning of Section 3(37) of ERISA is hereinafter referred to as a "Multiemployer Plan." For purposes hereof an "ERISA Affiliate" means each trade or business (whether or not incorporated) which, together with the Company, would be treated as a single employer under Sections 4001(b)(1) or 4001(a)(14) of ERISA or Sections 414(b), (c), (m), (n) or (o) of the Code. The Company is not now making, nor has it within the past five (5) years made, any ex gratia payment to any individual related, in whole or in part, to the Company. With respect to each Plan and Multiemployer Plan, the Sellers have made available to the Acquisitive Parties a true, correct and complete copy of the written Plan document, or descriptions of any Plan which is not in writing; the related trust agreement, if any; the most recent available actuarial report, if any; the most recent available Form 5500 filed with the IRS and any and all schedules thereto, if any; the most recent determination letter issued by the IRS, if any; the summary plan description, if any; and all written amendments and modifications to any such document.

(b) Each Plan other than a Mutiemployer Plan intended to be qualified under Section 401(a) of the Code (a "Qualified Plan"), and the trust (if any) forming a part thereof, satisfies the requirements of such

Section and has received a favorable determination letter from the IRS, or the "remedial amendment period" as defined in Code ss.401(b) has not expired with respect to such Plan, as to its qualification under the Code and to the effect that each such trust is exempt from taxation under Section 501(a) of the Code. To the Sellers Knowledge, each Multiemployer Plan intended to be a Qualified Plan and trust, if any, forming a part thereof, satisfies the requirements of Code ss.401(a) and has received a favorable determination letter from the IRS as to its qualification under the Code and to the effect that each such trust is exempt from taxation under ss.501(a) of the Code. Each Plan has been operated and administered in substantial compliance with its governing documents and applicable law including Section 4980B(f) of the Code.

(c) Except as disclosed on Schedule 3.15(c), (i) none of the Company or any Related Person has incurred any liability pursuant to Title IV of ERISA (including any withdrawal liability or liability to the Pension Benefit Guaranty Corporation incurred prior to the Time) which remains outstanding other than liability for premiums to the Pension Benefit Guaranty Corporation which are not yet past due; (ii) none of the Company, any of the Plans, and any trust created thereunder nor, to the Knowledge of the Company or the other Sellers, any other fiduciary with respect to any Plan has committed any act or omission or engaged in any transaction with respect to any Plan which could be expected to result in the imposition on the Company of a civil penalty pursuant to Section 502(i) of ERISA, a tax pursuant to Section 4975 of the Code

or liability pursuant to Section 409 or 502(l) of ERISA; (iii) no Plan is funded by a trust which is intended to be exempt from federal income taxation pursuant to Section 501(c)(9) of the Code; (iv) there are no pending or threatened written claims, actions, suits, litigations or administrative proceedings by, on behalf of, or against, any of the Plans (or, to the Knowledge of the Company or any other Seller, is there any threatened oral claim against any of the Plans) or their assets (other than routine claims for benefits) which would have an adverse effect on the business of the Company; (v) to the Knowledge of the Company or the other Sellers, no complete or partial withdrawal under Subtitle E of Title IV of ERISA has occurred within the preceding five (5) years with respect to any Multiemployer Plan; (vi) none of the Sellers has, within the preceding five (5) years, incurred any contingent liability under Section 4204 of ERISA; (vii) to the Knowledge of the Company or any other Seller, no Multiemployer Plan is in "reorganization" or "insolvent" and none of the Sellers has received any notice from the administrator of any such plan that any such plan is expected to be in reorganization, insolvent or terminated (within the meaning ascribed to such terms under Title IV of ERISA); (viii) no Plan is subject to the minimum funding standards of Sections 412 and 302 of the Code and ERISA, respectively; (ix) no Plan has incurred any "accumulated funding deficiency" (whether or not waived) within the meaning of Section 412 of the Code or Section 302 of ERISA, no event or condition exists which presents a risk of termination of a Plan, no reportable event within the meaning of Section 4043 of ERISA (for which the disclosure requirements of Regulation Section 4043.1 et

seq. promulgated by the Pension Benefit Guaranty Corporation have not been waived) has occurred with respect to a Plan, no notice of intent to terminate a Plan has been given under Section 4041 of ERISA, no proceeding has been instituted under Section 4042 of ERISA to terminate a Plan and there has been no termination or partial termination of a Plan within the meaning of Section 411(d)(3) of the Code; (x) all contributions required to have been made by the Company and each Related Person to any employee benefit plan pursuant to Section 412 of the Code or Section 302 of ERISA have been timely made; (xi) all contributions required to have been made by the Company under the provisions of the Plans or the Multiemployer Plans or pursuant to ERISA or the Code have been timely made and all such contributions to the Qualified Plans are deductible pursuant to Section 404 of the Code and will not give rise to any excise tax pursuant to Section 4979 of the Code; (xii) there are no matters pending (other than routine qualification determination filings) with respect to any of the Plans before the IRS, the Department of Labor or the Pension Benefit Guaranty Corporation and, (xiii) to the Knowledge of the Company or any other Seller, no event has occurred which will result in the imposition on the Company of an excise tax pursuant to Section 4977 of the Code.

(d) Schedule 3.15(d) sets forth, by number and classification, the number of employees employed by the Company as of December 31, 1999 and, with respect to each classification set forth on such Schedule,

sets forth the approximate number of employees in each such classification subject to collective bargaining agreements.

3.16 Customers and Suppliers. Schedule 3.16A lists the ten (10) largest, by revenue of products or services sold to, or purchased from, the Company, customers and suppliers of the Company during the one (1) year period ended December 31, 1999. Other than as set forth on Schedule 3.16B, there is no dispute, of any kind, excepting ordinary course payment disputes, between either the Company or any of such customers and suppliers and none of such suppliers or customers has advised any of the Sellers, in any way, that it intends to reduce, or eliminate, in any manner, its purchases from, or its sales to, the Company.

3.17 Machinery and Equipment. All machinery and equipment and other personal property owned or leased by, or to, the Company is suitable for the purpose for which it is used and in working condition, reasonable wear and tear and depreciation excepted. The only machinery or equipment or personal property owned by, or leased to, the Company which is not now being used in the business or operations of the Company is set forth on Schedule 3.17.

3.18 Accounts Receivable. Schedule 3.18 is a list of the accounts receivable of the Company as of the last day of the calendar month immediately preceding the date hereof. All such accounts receivable (i) have arisen in the normal course of business of the Company, (ii) represent bona fide

indebtedness incurred by applicable account debtors in the stated amounts reflected on the books and records of the Company and (iii) none of the accounts receivable of the Company acquired on the date hereof by the Buyer are subject to prior assignment, deduction, setoff or any Lien. Each of the outstanding accounts receivable of the Company is payable in United Stated Dollars.

3.19 Inventories. The inventory (whether characterized as raw material, work-in-process or finished goods) of the Company, taken in the aggregate, is of a quality and quantity usable or saleable in the ordinary course of the business of the Company as heretofore conducted, net of any "Policy 21" reserves established by the Company, without additional discount and the valuation accorded to all inventory reflected on the books and records of the Company has been determined, in all respects, in accordance with GAAP and past practices.

3.20 Employees. Schedule 3.20A is a list of all employment, compensation (including any "golden parachute", severance or similar agreements), confidentiality, non-competition, assignment, invention and consulting agreements or arrangements that are currently in effect by and between the Company and any person who is now, or has been in the past, employed or engaged by the Company, whether written or oral, and a list of each employee of the Company whose aggregate annual compensation, for the year ending December 31, 1999, was, or for the year ended December 31, 2000, is expected to be,

Thirty Five Thousand ($35,000) Dollars, or more. Schedule 3.20B contains a list of all bonuses paid to all employees of the Company for the calendar year ended December 31, 1999, the amount of bonuses budgeted for, or committed to be paid for the fiscal year ending December 31, 2000, or thereafter and the aggregate amount of accrued vacation and sick leave for which employees of the Company will be eligible as of the date hereof. The Company is not in default with respect to any of its obligations to its employees including pursuant to the instruments or arrangements noted on Schedule 3.20A hereto. The Company has no outstanding commitment or agreement to effect any general wage or salary increase or bonus or increase in fringe benefits for any of its employees other than expressly pursuant to those collective bargaining agreements set forth on Schedule 3.13 hereto, or the employment agreements set forth on Schedule 3.10A hereto. The Company has made no agreements or arrangement with, or promises to, any director, officer, employee or shareholder of the Company regarding future compensation or payments or fringe benefits of any kind, except as specifically noted on Schedule 3.20C hereto.

3.21 Accounts Payable. Schedule 3.21 sets forth a true and correct "aged" list of all accounts payable of the Company as of December 31, 1999.

3.22 Taxes. Other than as set forth on Schedule 3.22, (i) the Company has filed all required United States federal, state and local tax

returns of the Company required to have been completed and filed for all taxable years and periods up to and including the date hereof; (ii) all payments showing

thereon to be due have been timely paid; (iii) the federal, state and local tax returns filed by the Company accurately reflect the income, credits, deductions and losses of the Company; (iv) either the Company or SunSource has paid, or fully reserved for payment on its books and records, all required withholding, unemployment, sales, excise and ad valorem taxes owed for, or attributable to, all periods prior to the date hereof and has established a reserve on its books and records for all Taxes for all periods prior to the Closing Date; (v) there is no (nor has there been a request for) agreement, waiver or consent providing for an extension of time with regard to the assessment of any tax, levy or impost with respect to the Company and no power of attorney granted by the Company with respect to any tax matters; (vi) there is no investigation, audit, claim, demand, deficiency, or additional assessment pending or threatened in writing or, to the Knowledge of the Company or any other Seller, threatened, orally, against, or with respect to, any tax, duty, levy, or impost nor is there any factual or legal basis therefore; (vii) no agreement or consent under Section 341(f) of the Code has been filed and (viii) the Company is not a party to, nor is it bound by, nor does it have any obligation under, any tax sharing, tax indemnity or similar agreement.

3.23 Customer Lists. The Company has the right to use, free and clear of any claims or rights of others, all of the customer mailing lists

owned or used by the Company and such customer mailing lists are included, in all respects, among the Assets.

3.24 Environmental and Occupational Safety and Health. Other than as set forth on Schedule 3.24A, as of the date hereof (a) no releases of Hazardous Materials (as hereinafter defined) in quantities that would require remediation under any applicable Environmental Law (as hereinafter defined) have occurred at or from any property owned or leased by or to the Company on the date hereof, (b) there are no past, currently pending or threatened Environmental Claims (as hereinafter defined) against the Company, (c) there are no underground storage tanks at or under any property owned by or leased to the Company on the date hereof, (d) there are no facts, circumstances, or conditions that could reasonably be expected to restrict, under any Environmental Law (as hereinafter defined) the ownership, occupancy, use or transferability of any property owned by or leased to the Company as of the date hereof, (e) the Company is in compliance with all Environmental Laws applicable to the Company's current operations and/or facilities owned or operated by the Company on the date hereof, (f) the Company has not entered into or been subject to any consent decrees, compliance orders or administrative orders with respect to any of the facilities owned or operated by the Company on the date hereof or the operations thereof and (g) the Company has not received notice under the provisions of any

Environmental Law or other Law in connection with any facility owned or operated by the Company on the date hereof or the operations thereon. As used in this Agreement:

(i) "Environmental Claims" means any and all administrative or judicial actions, suits, orders, claims, investigations, information requests, liens, notices, violations or proceedings related to any applicable Environmental Law brought, issued, or asserted or threatened, in writing, by: (A) an Official Body for compliance, damages, penalties, removal, response, remedial or other actions pursuant to any applicable Environmental Law or (B) a third party seeking contribution to or reimbursement of removal, response, remedial or other costs or damages for personal injury or property damage resulting from (i) the violation or alleged violation by the Company of any Environmental Law or (ii) the release of or exposure to a Hazardous Material at, to or from any facility. For purposes of the definition of "Environmental Claim" only, the term "facility" includes any facility currently owned and/or operated by the Company, and any facility to or at which

any Hazardous Materials from the Company have been transported, stored, treated or disposed;

(ii) "Environmental Laws" means all applicable federal, state and local laws, statutes,

ordinances, codes, rules and regulations and common law causes of action related to the protection of the environment or the handling, use, generation, treatment, storage, transportation or disposal of Hazardous Materials.

(iii) "Hazardous Materials" means any hazardous or toxic substance, material or waste which previously was regulated as or is currently regulated by state or local governmental authority or the United States of America, including any material or substance that is: (A) defined as a hazardous substance under applicable state law, (B) petroleum, (C) asbestos, (D) polychlorinated bi-phenyls, (E) designated as a hazardous substance pursuant to Section 311 of the Federal Water Pollution Control Act, as amended as of the Closing Date, 33 U.S.C. 1251 et. seq. (33 U.S.C. 1321), (F) defined as a hazardous waste pursuant to Section 1004 of the Resource Conservation Recovery Act, as amended as of the Closing Date, 42 U.S.C. 6901 et seq. (42

U.S.C. 6903), (G) defined as a hazardous substance pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, as amended as of the Closing Date, 42 U.S.C. 9601 et seq. (42 U.S.C. 9601), (H) defined as a regulated substance pursuant to Section 9001 of the Resource Conservation and Recovery Act, as amended as of the Closing Date, 42 U.S.C. 6901 et seq. (42 U.S.C. 6991) or (I) otherwise regulated under the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., the Clean Air Act, as amended as of the Closing Date, 42 U.S.C. 7401 et seq., the Hazardous Materials Transportation Act, as amended as of the Closing Date, 49 U.S.C. 1801, et seq., or the Federal Insecticide, Fungicide and Rodentcide Act, as amended as of the Closing Date, 7 U.S.C. 136 et seq.

3.25 Transactions with Affiliates. Other than as set forth on Schedule 3.25 hereto, no director, officer, shareholder, or executive level employee of the Company or any party to an SMA has, or has had within the past six (6) months, directly or indirectly, any interest in any entity which (i) sold or sells, or attempted to sell, services or products to the Company or (ii) purchased, or attempted to purchase, from the Company any goods or services,

except for an interest of less than 1% in an entity publicly traded on a national securities or over-the-counter exchange.

3.26 Bank Accounts, etc. Attached herewith, as Schedule 3.26A, is a complete and correct description of all banking, safe deposit box and lockbox arrangements currently maintained by, or on behalf of, the Company, and the names of all persons authorized to draw thereon or make withdrawals therefrom. Except as set forth on Schedule 3.26B, the Company has not granted any power of attorney or similar rights to any person or entity.

3.27 Backlog. Schedule 3.27 sets forth, as at December 31, 1999, the "backlog" of the Company. For any and all purposes of this Section 3.27 "backlog" shall be products scheduled to be shipped within one (1) year of the date hereof pursuant to those contracts, agreements and understandings of the Company which have been classified as a "contract" in accordance with the prior practice of the Company.

3.28 Decrees. Other than as set forth on Schedule 3.28, there are no judgments, orders, writs, notices, decrees, or injunctions of any court, governmental commission, department, board, agency or instrumentality, domestic or foreign, presently in effect to which the Company, or any predecessor, is a party or that were specifically directed at the Company, or any predecessor, or any of their officers or employees.

3.29 Company Products. Except as set forth on Schedule 3.29A, there are no statements, citations or decisions issued by any governmental or regulatory or other bodies within the past five (5) years that any products manufactured, marketed or distributed by, or on behalf of, the Company (a "Company Product") is, in whole or in part, defective or fails to meet any standard promulgated by any such governmental authority or regulatory or other body or Underwriters' Laboratories, Inc., nor has any such governmental or regulatory or other body threatened, in writing, or to the Knowledge of the Company or any other Seller, orally, to issue any such statement, citation or decision. Except as set forth on Schedule 3.29B, there have been no actual or implied recalls within the last five (5) years by any such governmental or regulatory body or by the Company or any of the other Sellers with respect to any Company Product. Except as set forth on Schedule 3.29C, there is no (i) fact relating to any Company Product that would impose upon the Company a duty to recall any Company Product or a duty to warn customers of a defect in any Company Product or (ii) latent or overt design, manufacturing or other defect with respect to any Company Product that has occurred and has not been corrected.

3.30 Books and Records. The books and records of the Company are, in all material respects, true, correct and complete as of the date hereof and fully, completely and accurately reflect, in all material respects, the business, operations and affairs of the Company including the accurate and

timely reflection thereon of any and all transactions by, and between, all, or any, of the Company, SunSource, the Owner, SIC and any Affiliate of any of the foregoing.

3.31 Defined Benefit Plan. The Company does not maintain a defined benefit pension plan (within the meaning of Section 3(35) of ERISA) or, other than as set forth on Schedule 3.15(a) hereto, Multiemployer Plan (within the meaning of Section 4001(a)(3) of ERISA).

3.32 Lifetime Benefits. The Company has never agreed or promised, directly or indirectly, to any actual, or purported, employee that it would provide, in whole or in part, lifetime medical benefits to retirees or former employees. The Company does not maintain or contribute to any Plan which provides, or purports to provide, lifetime medical benefits to retirees or former employees. To the Knowledge of the Company or the other Sellers, the Company does not contribute to any Multiemployer Plan which provides or purports to provide lifetime medical benefits to retirees or former employees.

3.33 Excise Tax Liability. Neither the Company nor any of its ERISA Affiliates have any excise tax liability under Code Sections 4971, 4972, 4976, 4979 or 4980B, and to the Knowledge of the Company there are not any circumstance which would give rise to such excise tax liability.

3.34 Brokers. Other than as set forth on Schedule 3.34, all negotiations relating to this Agreement and the transactions contemplated hereby

have been carried out without the intervention of any person acting on behalf of the Sellers or the Company in such manner as to give rise to any valid claim against the Buyer, the Company or any subsidiary for any brokerage or finder's commission, fee or similar compensation, except for PaineWebber Incorporated, whose fees, cost and expenses shall be timely paid solely and exclusively by the Sellers.

3.35 Affiliate Transactions. Except as set forth on Schedule 3.35A, no obligation or liability of any Seller (excepting the Company) or an Affiliate of any Seller (excepting the Company) is guaranteed by, or subject to, a similar contingent obligation of, the Company nor is any obligation or liability of the Company guaranteed by, or subject to, a similar contingent obligation of, any other Seller or any Affiliate of any of the foregoing. Except as set forth in Schedule 3.35B, there are no contracts or binding obligations between the Owner, or any Affiliate thereof, and the Company.

3.36 No Sensitive Transactions. Neither the Company, nor any of its officers, employees or agents, have, directly or indirectly, used funds or other assets of the Company for (i) contributions, gifts, entertainment or other expenses relating to political activity other than as specifically permitted by applicable law; (ii) payments to, or for the benefit of, any officials or employees of any government or any agency or instrumentality of any government, either foreign or domestic, other than payments required or allowed by law; (iii) any other purpose described in Section 162(c) of the Code; or (iv) the establishment or maintenance of a secret or unrecorded fund or account.

3.37 Representations Complete. No representation or warranty by the Sellers contained herein, nor any statement made in any Schedule or certificate furnished by, or on behalf of, the Sellers pursuant to this Agreement, when read in its entirety, contains, or will contain, any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein, or therein, in light of the circumstances under which made, not false or misleading in any material respect.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE ACQUISITIVE PARTIES

The Acquisitive Parties jointly and severally represent and warrant to the Sellers as follows:

4.1 Organization. The Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Buyer is a limited liability company duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority.

(a) The Acquisitive Parties have all requisite power and authority to enter into and perform this Agreement and to consummate the

transactions contemplated hereby. The execution and delivery of this Agreement and the performance by the Acquisitive Parties of their respective obligations hereunder have been duly authorized by all necessary corporate action on behalf of the Acquisitive Parties, and no such action is required on behalf of any shareholder thereof. This Agreement has been duly executed and delivered by the Acquisitive Parties and constitutes the legal, valid and binding obligation of the Acquisitive Parties enforceable against the Acquisitive Parties in accordance with its terms.

(b) Neither the execution and delivery of this Agreement by the Acquisitive Parties nor the consummation of the transactions contemplated hereby will: (i) violate, conflict with, result in a breach of or constitute a default under, (A) the certificate of incorporation or by-laws (or other similar charter or governing documents) of any Acquisitive Party or (B) any judgment, order, injunction, decree or award of any court, arbitrator, administrative agency or governmental body to which any of the Acquisitive Parties is a party or by which it (or any of its properties or assets) is subject or bound which could adversely affect the ability of the Buyer to consummate the transactions contemplated hereby; (ii) result in, other than as set forth on Schedule 4.2 hereto, the creation of, or give any party the right to create, any Lien, other than a Permitted Lien, upon any of the properties or assets of any Acquisitive Party, (iii) violate, conflict with or result in the breach, modification or termination of, or give any other party the right to terminate or modify the

provisions or terms of any contract, agreement, lease, mortgage, bond, indenture, commitment, license, franchise, permit, authorization, concession or other instrument or obligation to which any Acquisitive Party is a party or by which it (or any of its material properties or assets) are subject or bound which violation, conflict, breach, modification or termination could adversely affect the ability of any Acquisitive Party to consummate the transactions contemplated hereby or (iv) violate or conflict with any statute, rule, regulation, ordinance or code applicable to any Acquisitive Party.

4.3 Brokers. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried out without the intervention of any person acting on behalf of the Acquisitive Parties in such manner as to give rise to any valid claim against the Acquisitive Parties for any brokerage or finder's commission, fee or similar compensation.

4.4 Litigation Affecting the Acquisitive Parties. There is no claim, action, suit, administrative action, arbitration, proceeding or investigation pending or threatened, in writing, or, to any Acquisitive Party's Knowledge, threatened orally, against or involving any Acquisitive Party or any of their properties or assets before any court or governmental or regulatory authority or body or before any arbitral forum which (a) questions the validity of this Agreement or any action taken or to be taken by Acquisitive Parties in connection herewith or (b) could otherwise materially and adversely affect the

ability of the Acquisitive Parties to perform their obligations under this Agreement.

4.5 No Consents. Except for the filing requirements under the

HSR Act, no filing with, notification to, or permit, authorization, consent or approval of, any public body or authority and no consent of any third party is necessary for the consummation by the Acquisitive Parties of the transactions contemplated by this Agreement.

4.6 Adequate Capital. The Acquisitive Parties have adequate financial resources and access to the same as will be necessary to consummate the purchase of the Assets.

ARTICLE 5
COVENANTS

5.1 Employee Benefit Matters.

(a) With the exception of any plans set forth on Schedule 3.15(a) hereto, and designated on such Schedule as an assumed plan and, subject to the satisfaction, of all related conditions precedent thereto and the delivery to the Buyer of the documents referred to in Section 2.5(r), or as specifically provided for herein, the Acquisitive Parties shall not assume any liabilities, assets or the sponsorship of any of the plans as set forth on Schedule 3.15(a) and not designated on such Schedule as an assumed plan. Notwithstanding anything contained herein to the contrary, to the extent

required by the TSA, the Company shall continue to cover "Transferred Employees" in the employee benefit plans until such time as provided in the TSA. To the extent that the TSA applies to any plan maintained by the Company, the Company shall not cause such plan to be amended, modified or terminated effective during the period that the TSA applies to such plan. For this purpose, "Transferred Employee" means any individual who is an employee of the Company as of the Closing Date and who is employed by the Buyer on the day next following the Closing Date.

(b) Subject to the satisfaction of conditions precedent set forth herein, effective as of the Time, Buyer shall assume sponsorship of the Harding Glass Retirement Savings Plan (the "Savings Plan") and the Harding Glass Profit Sharing Plan and Trust (the "Profit Sharing Plan") (collectively referred to as the "Plans"). The participation of "Affiliated Participants" (as defined below), in the Savings Plan and the Profit Sharing Plan shall cease effective at the Time. Buyer shall assume sponsorship of the Savings Plan and the Profit Sharing Plan provided that not later than 30 days following the Closing Date (a) the Company has caused or will cause to be contributed to the Savings Plan any employee elective deferrals due to the Savings Plan within the time prescribed by applicable law; (b) on or before the Closing Date, the Company has made any Company contributions due under the Profit Sharing Plan and/or the Savings Plan; and (c) the Company has amended the Savings Plan and the Profit Sharing Plan to cease the participation of Affiliated Participants as

of the Closing Date. With respect to the Savings Plan and the Profit Sharing Plan to the extent that the preceding conditions are met effective as of the Closing Date, the Buyer shall assume sponsorship of the Savings Plan and the Profit Sharing Plan effective as of the Time and the Company and its Affiliates shall cease to be the sponsor of such Plans. As soon as reasonably practicable, but not later than ninety (90) days following the Closing Date, the Company shall, or shall cause one (1) or more of their Affiliates to, establish one (1) or more defined contribution retirement plans or to designate one (1), or more, of its existing defined contribution retirement plans to become the transferee of funds from the Savings Plan and the Profit Sharing Plan as described in this section (collectively, the "Company Plan"). The Buyer and the Company shall cooperate in causing the trustee of the trust forming part of the Savings Plan and the Profit Sharing Plan to transfer the amounts described below to the trust, or trusts, forming part of the Company Plan, as designated by the Company (collectively, the "Company Trust"), in cash or, upon the mutual consent of the Buyer and the Company, in kind, and in accordance with applicable law, as soon as reasonably practicable, but not later than ninety (90) days, following notification to the Company of the identity of the Company Trust. The Company shall cause the Seller Plan to contain such provisions as are necessary (i) for qualification under Section 401(a) of the Code and (ii) to ensure that the transfer provided for herein complies with the applicable requirements of Section 411(d)(6) of the Code. The amounts to be transferred shall consist of an amount which is equal to the fair market value of the aggregate account balances

of the participants and beneficiaries of the Savings Plan and the Profit Sharing Plan who are current or former employees of SunSource at its headquarters group (the "Affiliated Participants"). Such value is to be determined as of the transfer date, on the valuation date, as defined in the Savings Plan and Profit Sharing Plan, immediately preceding and in an amount equal to the account

balances attributable to such Affiliated Participants. From and after the completion of the transfer to the Company's Trust described herein, the Company shall assume and become solely responsible for, and shall indemnify, defend and hold harmless the Savings Plan and the Profit Sharing Plan from and against, any and all liabilities or obligations in respect of the benefits accrued under the Savings Plan and/or the Profit Sharing Plan by the Affiliated Participants. From and after the completion of the transfer to the Company's Trust described herein, the Buyer shall assume and become solely responsible for and shall hereinafter, defend and hold harmless the Seller from and against any and all liabilities and obligations with respect to the Non-Affiliated Participants. The Buyer and the Company shall use their best efforts to cause the prompt filing of all Forms 5310 required to be filed with the IRS prior to the transfer of any amount hereunder.

(c) (i) With the exception of the Southern California Multiemployer Plans (as described in Section 3.15(c)(ii) herein), the applicable Acquisitive Parties shall, upon Closing, become a participating employer in

those Multiemployer Plans noted on Schedule 3.15(a) and designated as an assumed plan, with respect to those employees employed by Buyer on the day following Closing, and who, under the terms of a Collective Bargaining Agreement are required to participate in such Multiemployer Plans.

(ii) The Acquisitive Parties shall not assume the Southern California, Arizona, Colorado and Southern Nevada Glaziers, Architectural Metal and Glass Workers Agreement and Declaration of Pension Trust and the Southern California, Arizona, Colorado and Southern Nevada Glaziers, Architectural Metal and Glass Workers Agreement, Declaration of Health & Welfare Trust (collectively referred to as the "Southern California Multiemployer Plans"). The Sellers shall be solely responsible for and retain any and all liabilities including withdrawal liability as such may be assessed by the Southern California Multiemployer Plans (as set forth on Schedule 3.15(a)) as a result of this transaction or otherwise that have accrued as of the Closing Date under each Southern California Multiemployer Plan as set forth on Schedule 3.15(a). The Seller hereby acknowledges that it shall retain all such Southern California Multiemployer Plan liabilities accrued as of the Closing Date whether or not assessment of such liabilities has been actually presented to the Seller by the Southern California Multiemployer Plan as of the Closing Date. Acquisitive Party shall not assume any liabilities that have accrued as of the Closing Date under any Southern California Multiemployer Plan, including withdrawal liability, as such may be assessed by the Southern California

Multiemployer Plans, and accrued on or before the Closing Date. If after the Closing Date, any Acquisitive Party participates in or has any obligation to participate in a Southern California Multiemployer Plan, such Acquisitive Party shall assume such liabilities that may have accrued after the Closing Date under any Southern California Multiemployer Plan with respect to such Acquisitive Party, including withdrawal liability, as such may be assessed by the Southern California Multiemployer Plans which accrued after the Closing Date.

(d) (i) The Company shall be solely responsible for and retain all liabilities that have accrued as of the Closing Date under all welfare benefit plans, post-retirement welfare plans covering employees or former employees of the Company as set forth on Schedule 3.15(a), except to the extent liability with respect to such Plan is reflected as a liability on the Closing Date Balance Sheet and is agreed to in the TSA, and the Company hereby acknowledges that it shall retain all such liabilities (including those liabilities which accrued prior to the Closing Date with respect to any retiree medical plan which provides coverage to current or former employees of the Company).

(ii) The Company shall be responsible for payment of the premiums for Company's employee welfare benefits and group insurance contracts, relating to periods prior to the Time, and for any liability for all claims, expenses and treatments, including administrative expenses related thereto, which are in fact covered and payable under the terms of the Company's

employee welfare benefit plans and group insurance contracts and incurred prior to the Time.

(iii) The Company shall provide any benefits to which spouses, former spouses or other qualifying beneficiaries of any Transferred Employee may be entitled as of the Closing Date, by reason of qualifying events occurring on or prior to the Closing Date by virtue of any provision of any employee welfare benefit plan or group insurance contract or any laws, statutes or regulations requiring any continuation of benefit coverage upon the happening

of certain events, such as the termination of employment or change in beneficiary or dependent status, including such requirements under COBRA from and after the Closing Date through the remaining period of required coverage.

5.2 Further Assurances. From time to time after the date hereof, the Sellers shall, at their own expense, execute and deliver, or cause to be executed and delivered, such documents to each Acquisitive Party as said party may reasonably request in order more effectively to vest in the Buyer good title to the Assets and to carry out the terms of this Agreement, and from time to time after the date hereof, the Acquisitive Parties will, at their own

expense, execute and deliver, or cause to be executed and delivered, such documents to the Sellers as the Sellers may reasonably request in order more effectively to consummate the sale of the Assets and to carry out the terms of this Agreement and the covenants of the Acquisitive Parties contained herein. In addition, from time to time and from the date hereof, the Acquisitive Parties shall cooperate and assist the Sellers, during normal business hours, and upon suitable advance written notice, in prosecuting or defending against any claim or litigation matters for which the Sellers retain either the benefits or the liabilities, including with respect to the Retained Liabilities, with respect to Taxes and/or insurance policies or like contracts of the Company, by making available, at the expense of the Sellers, the employees or agents of the Buyer as witnesses in such claims and litigation and any working papers, documents or other materials necessary to prosecute or defend against such claims or matters.

5.3 Substitution of Collateral. Prior to, but effective as of, the Closing, Buyer shall seek to arrange for a substitution of collateral, enter into a general indemnity agreement with an insurance or bonding company, or otherwise provide credit support with respect to all outstanding performance and payment bonds of the Company as set forth on Schedule 3.9C hereto in form and substance reasonably satisfactory to the Company. In the event that the arrangement of such substitution of collateral, general indemnity agreement or credit support cannot be effectuated on, or before, the Closing the Buyer agrees to indemnify, defend and hold harmless the Company from and against any Losses arising out of actions and omissions by the Buyer after the Closing with respect to the outstanding performance and payment bonds of the Company as are set forth on Schedule 3.9C hereto.

5.4 Records. With respect to the books and records of the Company relating to matters prior to the date hereof: (A) for a period of ten (10) years after the date hereof (or longer to the extent reasonably requested by the Sellers because of open tax audit issues), the Acquisitive Parties shall not cause or permit their destruction or disposal without first offering to surrender them to the Sellers; and (B) where there is a legitimate purpose including an audit of any Seller by the IRS or any other taxing authority, the Acquisitive Parties shall allow the said Seller and its representatives reasonable access to such books, records and personnel during regular business hours and shall permit the copying thereof as appropriate to such purpose. In addition, and notwithstanding anything to the contrary contained herein, each of the parties hereto shall provide each other with such cooperation and information as they may reasonably request of the other in filing any return determining the liability for Taxes or a right to a refund of Taxes or conducting an audit or other proceeding in respect of Taxes. Such cooperation shall include making employees available on a mutually convenient basis to provide explanation of any documents or information provided hereunder or otherwise as required in the conduct of any audit or other proceeding. Each of the parties hereto will retain all tax returns, schedules and work papers and all other material records and documents relating to matters of the Company relating to Taxes for the tax period beginning on the Closing Date and for all prior tax periods until the expiration of the statute of limitations of the tax periods to which such returns and other documents relate (including any extensions thereof), and, at the expiration of such period, each party shall

have the right to dispose of any such returns or other documents or records after providing thirty (30) days prior written notice to the other party. Any information, documents or records obtained under this Section 5.4 shall be kept confidential, except as may be otherwise necessary in connection with the filing of returns or claims for refund or conducting an audit or other proceeding as may be required by applicable law or in connection with the enforcement of the provisions of the Agreement.

5.5 Confidentiality. From and after the date hereof, the Sellers will hold in confidence, and will cause each of the Affiliates to hold in confidence, all knowledge or information of a confidential nature which is related to the business and affairs of the Company (including customer lists and intellectual property rights) and not disclose, publish or use all, or any, of

the same provided, however, that the foregoing restriction shall not apply to any portion of the foregoing which (i) becomes generally available to the public, in any manner or form, through no action or omission of any Seller, (ii) is independently developed by Sellers who previously had not had access to all, or any, of the foregoing, (iii) is released for disclosure with the Buyer's express prior written consent, (iv) is required to be disclosed by a governmental entity or otherwise required by law or in order to establish rights under the Agreement or any of the other agreements referred to herein or (v) is necessary to be disclosed in order to comply with applicable law; provided that, in the event of any such disclosure, the Sellers shall furnish to the

Acquisitive Parties as much advance written notice with respect thereto as is possible in order that the Sellers and the Acquisitive Parties may seek a protective order with respect to such disclosure or take such other and further action as may, in the opinion of the Sellers and the Acquisitive Parties, be considered by the Sellers and the Acquisitive Parties to be desirable in order to preclude or limit the disclosure thereof. In addition, the Acquisition Parties shall take the same precautions and use the same standard of care to protect and maintain the confidentiality of the information contained in the Mechanics and in Subsection 6.2.1(c) as they would use to protect and maintain the confidentiality of such Acquisitive Parties' trade own secrets and similar sensitive and confidential information, and which shall not be less than a "reasonableness" standard, and shall not disclose, publish or use all, or any, of the information contained in such sections, except (i) in connection with the enforcement of the terms of this Agreement, (ii) to any party purchasing or seeking to explore the purchase of all, or substantially all, of the Assets or the issued and outstanding capital stock of the Buyer or any Acquisitive Party, and (iii) in the event of a Triggering Event (as hereinafter defined), the Acquisitive Party shall be entitled to disclose to the potential buyer the nature of the relationship between the Sellers and the Acquisitive Parties but not the specifics of such relationship (which are set forth in the Mechanics and 6.2.1(c)).

5.6 Non-Competition. From and after the date hereof, and recognizing that this is an agreement with respect to the sale of a "trade or

business" and that the Acquisitive Parties have advised the Sellers that, absent the full breadth of this Section 5.6, that the Acquisitive Parties are not willing to execute this Agreement, and for the next succeeding five (5) years (the "Restricted Period") neither the Company, nor any other Seller, nor any Subsidiary or Affiliate of any thereof, shall, directly or indirectly, or in whole or in part, (i) within the Territory engage in any business, involving, in whole or in part, the provision of automotive and flat glass to business and individual consumers including contract glazing, flat glass fabrication and distribution, automobile glass distribution, retail installation of flat glass and automobile glass, glass tabletop manufacturing, tempering, insulation and glass manufacturing, custom laminating and/or mirror manufacturing or any other activity which is, in whole or in part, competitive with the business of the Company as conducted at any time during the one (1) year period immediately preceding the date hereof (the "Current Businesses") (excluding the business of the distribution of "hard goods" designed for maintenance and repair applications, which "hard goods" shall not include, for any and all purposes hereof, the Current Businesses) or (ii) obtain any equity or ownership or possessory interest in any Person engaged in such activity in any capacity including as a partner, shareholder, principal, agent, representative, supplier, trustee, employee or consultant. In addition, for the three (3) year period following the date hereof, no Seller, nor any Subsidiary or Affiliate thereof, shall, directly or indirectly, solicit any employee of the Acquisitive Parties or encourage, in any way, any such employee to leave such employment while such

employee is employed by either Acquisitive Party, except by means of advertisements in the media or by means of general solicitation not directed specifically at the employees of either Acquisitive Party. The parties hereto acknowledge that any breach or threatened breach of any of the covenants contained in this Section 5.6 would cause irreparable harm to the Acquisitive Parties and that money damages would not, alone, provide an adequate remedy to the Acquisitive Parties. The Acquisitive Parties shall have all the rights and remedies available under law, or in equity, to a party enforcing any such covenants, each of such rights and remedies to be independent of the other and severally enforceable, including the right to have such covenants enforced by any court of competent jurisdiction, including through temporary injunctive relief, temporary restraining order and/or permanent injunctive relief, all without requirement for the posting or provision of any bond or other security, which requirements are hereby expressly waived by the Sellers, and the right to require any violating party to pay to the Acquisitive Parties any and all legal fees, costs or expenses incurred by said Acquisitive Party in connection with

the enforcement of this Section 5.6 and account for, and pay over to the Acquisitive Parties, the product of (A) two (2) and (B) all benefits derived or received by such violating party, or any of its Subsidiaries or Affiliates, as a result of any breach of such covenant. No violating party, or any Subsidiary or Affiliate thereof, shall raise as a defense to the granting of any such relief that the person requesting any such relief has an adequate remedy at law. Each of the parties hereto acknowledges and agrees that the covenants set forth in

this Section 5.6 are reasonable in duration and scope and in all other respects. If any court determines that any of such covenants, or any part thereof, are invalid or unenforceable, the remaining covenants shall not be affected and they shall be given full effect, without regard to the invalid portions. If any court determines that all, or any part of, the covenants herein are unenforceable, because of the duration or scope of such provision, such court is requested to reduce the duration or scope of such provision, as the case may be, so that, in its reduced form, such provision shall then be enforceable. The parties hereto intend to and do hereby confer jurisdiction to enforce the covenants contained herein upon the courts of any jurisdiction within the United States or within any jurisdiction within the Territory. If the courts of any one (1), or more, of such jurisdictions hold such covenants unenforceable by reason of the breadth of their scope, or otherwise, it is the intention of the parties that such determination not preclude, or in any way effect, the right of the Acquisitive Parties to the relief provided above in the courts of any other jurisdiction as to breaches of such covenant in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable and independent covenants. Notwithstanding the foregoing, nothing contained herein shall prevent any party from owning less than 1% of the issued and outstanding capital stock of any corporation whose shares are listed for trading on The New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market or any similar national securities exchange.

5.7 WARN Act. The Buyer shall comply with the Worker Adjustment and Retraining Notification Act, if applicable. It is agreed and understood that all employees of Harding will remain employed by Sellers through the date of the closing, April 12, 2000. For any affected employees of Sellers who, on or after April 12, 2000, suffer an "employment loss" as that term is defined in 29 U.S.C. ss. 2101(a)(1)(B)(2) and (3), Buyers will assume responsibility to give any advance notice of the "employment loss" as may be required by the Worker Adjustment Retraining and Notification Act ("WARN"), 29 U.S.C. ss. 2101 et seq.

5.8 Profitability of Uncompleted Contracts, Agreements or Other Commitments of the Company. The Sellers do hereby covenant that those contracts, agreements and understandings of the Company which have been classified as a "contract" in accordance with the prior practice of the Company which are not completed on, or before, the date hereof, and which are to be completed, in whole or in part, by the Buyer after the date hereof (the "Customer Contracts") shall, taking all such Customer Contracts in the aggregate, result in a gross profit margin to the Buyer, calculated in a manner consistent with the past practices of the Company, of not less than Twenty Three (23%) per centum (the "MPM"). The Buyer hereby agrees to operate no less efficiently or prudently after the date hereof than the Company did before the date hereof.

At the end of each six (6) month period, from and after the date hereof, the Buyer shall deliver to the Sellers a report indicating the gross profit margin of all Customer Contracts, taken in the aggregate, to the Buyer and shall provide to the Sellers reasonable information with respect thereto, consistent with the information retained and developed by the Company prior to the date hereof for such Customer Contracts, which were completed during the said immediately preceding six (6) month period. In the event that the aggregate gross profit margin on such Customer Contracts was less than the MPM, the Sellers shall, within twenty (20) Business Days of the receipt of said report, reimburse the Buyer, on a dollar for dollar basis, for such shortfall and, alternatively, in the event that the gross profit margin was in excess of the MPM, then the Buyer shall reimburse, within twenty (20) Business Days of the receipt of said report, the Company for such surplusage, in either case on a dollar for dollar basis and such payment to be made in immediately available U.S. funds.

Such reports shall continue to be rendered, and payments effected, at the end of each six (6) month anniversary of the date hereof, with respect to the immediately preceding six (6) month period, until such time as the parties hereto agree, unanimously and in writing, that no such further reports shall be issued or payments made with respect to this Section or until all Customer Contracts as of the Closing Date have been fully completed.

In the event that, within twenty (20) Business Days after receipt of any such report, the Sellers wish to review the books, documents and records of the Buyer with respect to the accuracy and/or completeness of the said report they shall be permitted reasonable access thereto, during normal business hours and upon reasonable notice, in order to review the same and they shall advise, in writing, the Buyer within twenty (20) Business Days of their review if they do not agree with the conclusions reached in the initial report by the Buyer and the specific reasons therefore. If no such statement of disagreement is received within the period noted, the report of the Buyer shall be deemed conclusive and accepted. If such report is rendered by the Sellers, the parties shall have twenty (20) days to amicably resolve their differences and, if the same are not resolved, the parties shall, thereupon, submit their differences for resolution in accordance with the dispute resolution process set forth in Section 2.3(c) hereof. Payment shall be made, in accordance with the terms hereof, to the extent of the parties are in agreement.

5.9 Provisions for Warranty Claims. All claims for indemnification with respect to warranty obligations of the Sellers under section 2.10(ii) (the "Product Warranty Claims") shall be subject to the following provisions:

(a) If, following the date hereto, a direct or indirect purchaser of any good or service of the Company asserts to the Company or the Buyer a warranty claim or makes a request to the Company or to the Buyer for any

"warranty" or "warranty related" work based upon an action or omission by the Company with respect to any product sold or service provided by, or on behalf of, the Company or any Affiliate or Subsidiary thereof, or any predecessor of all, or any, of the foregoing, on or before the Closing Date, the Buyer will, in a manner consistent, in all material respects, with the prior practice of the Company, as known to the Buyer, undertake such warranty work as is required, in the reasonable opinion of the Buyer, by the terms and provisions of the agreement relating to the sale of such goods or services. Notwithstanding anything to the contrary contained in the Agreement, the Sellers shall, after first exhausting all reserves specifically established for "Product Warranty Claims" on the Closing Date Balance Sheet, indemnify, defend and hold harmless the Buyer, any and all payments to be made by the Sellers to the Buyer pursuant to subsection (a) hereof to be made in immediately available U.S. Funds not later than twenty (20) days after receipt by the Sellers of the invoice of the Buyer relating thereto (it being the intention of the parties that payments to be made pursuant to subsection (b) hereto shall be made as described in the last sentence of that subsection), from and against any and all Losses (excluding any profit or direct or indirect consequential or incidental damage) incurred by the Buyer in connection with such Product Warranty Claims.

(b) In the event that costs incurred by the Buyer with respect to Product Warranty Claims exceed, in any twelve (12) month period from

and after the date hereof, the sum of Ninety Two Thousand Seven Hundred and Fifty Four ($92,754) Dollars (the "Ceiling"), the Sellers agree to pay to the Buyer, in addition to any Losses reimbursed to the Buyer pursuant to subsection (a) above with respect thereto, such additional sum, or sums, as are set forth in the next sentence hereof. With respect to "auto replacement glass", such sum shall be eighty-nine (89) per centum of the costs incurred by the Buyer; with respect to "retail flat glass", such sum shall be eighty and five tenths (80.5) per centum of the costs incurred by the Buyer; and with respect to "contract", each of these categorizations to be made in a manner consistent with the prior practices of the Company, the "incremental" sum shall be thirty-two and two tenths (32.2) per centum of the costs actually incurred. Once the Ceiling is exceeded, in any twelve (12) month period from and after the date hereof, the additional sums payable to the Buyer by the Sellers hereunder shall be paid, in immediately available U.S. funds, not later than twenty (20) days after an invoice with respect to the same is received by the Sellers. Should any invoice of the Buyer with respect to this Section not be timely paid by the Company the Buyer shall have the right to, at its option, and at any time during the period in which such invoice remains unpaid, cease all performance of any and all work hereunder unless a particular payment is being reasonably disputed, in writing and the facts and circumstances of the dispute have been so communicated to the Buyer.

(c) At any time, and from time to time, after full and complete reimbursement by the Sellers to the Buyer of any "non-disputed" sums to

be paid by the Sellers pursuant to the terms hereof, the Sellers shall have the right, upon reasonable notice, which shall not unreasonably interfere with the business and operations of the Buyer, to review the books, records and documents of the Company and the Buyer, and to interview the employees of the Buyer and shall have the reasonable cooperation of the Buyer in all such respects. All reasonable expenses related to such review by Sellers shall be borne by the Sellers and reimbursed to the Buyer within twenty (20) days of demand therefor. Any dispute by the parties arising out of such audit and review by the Sellers shall be resolved in accordance with the second paragraph of Section 2.3(c) hereof. If it is ultimately determined that any of the parties hereto have paid in excess of their respective obligations to the other, then the party who has received such overpayment shall remit such "overpayment", to the party who has so "overpaid", within five (5) Business Days of such determination, plus interest thereon for all periods during which such "surplusage" was held by that party, until received by the appropriate recipient party, at that interest rate equal to that interest rate set forth in Section 2.7 hereof.

5.10 FICA Adjustment. One (1) year from and after the date hereof the Sellers agree to pay to the Buyer an amount reflective of the sum of (a) the "Medicare" component of the obligation of the Buyer with respect to

those bonus payments made by the Buyer pursuant to Section 2.3(a)(G) hereof and (b) the difference between the "FICA" payment obligation of the Buyer in connection with the payment of the salaries of those individuals who are recipients of such payments, as employees of the Company and the Buyer, and the "FICA" payment obligation of the Company and the Buyer when said bonus payments are aggregated with the salary payments made to those individuals.

5.11 Cobra and Accrued Benefits. With respect to Plans which Buyer (i) assumes, as listed on Schedule 3.15(a) hereto as assumed plans and (ii) may adopt after the Time which qualify as "group health plans" under Section 4980B of the Code and Section 607(1) of ERISA and related regulations (relating to the benefit continuation rights imposed by "COBRA"), Buyers will be responsible for any liability to Transferred Employees arising after April 12, 2000, and will indemnify Sellers and hold Sellers harmless for any claims which may be asserted against Sellers, or any damages which may be awarded against Sellers (including any liability to the Transferred Employees, as well as any reasonable costs and attorneys' fees incurred in the defense of any such claims), as a result of Buyer's failure to give the required notice and provide continuation or effect. The Buyer will give the required COBRA notice and provide COBRA continuous coverage as required by law to those employees who are parties to the SM Agreements referred to in Section 2.10 hereof, and who incur a COBRA qualifying event after the Closing Date. The Sellers will indemnify Buyer and hold Buyer harmless for any claims which may be asserted against Buyer, or

any damages which may be awarded against Buyer (including any liability to the affected employees, as well as any costs and attorneys' fees incurred in the defense of any such claims), except for those claims relating to Buyer's failure to give the required notice, or to comply with the requirements of COBRA, including timely notice to Seller regarding COBRA qualifying events as a result of any claim for COBRA benefits made by any individual who is a party to an SM Agreement referred to in Section 2.10 hereof and for whom Seller retained COBRA liability pursuant to Section 2.10.

ARTICLE 6
INDEMNIFICATION

6.1 Survival of Representations, Warranties and Covenants Error! Bookmark not defined.. Except with respect to the representations and warranties set forth in Sections 3.22 and 3.33, which shall survive until the expiration of the applicable statute of limitations, the representations and warranties set forth in Sections 3.3(a) and 3.5, which shall never expire or terminate, and the representations and warranties contained in Section 3.24, which shall survive until the 5th annual anniversary of the date hereof, the remaining representations and warranties contained in Sections 3 and 4 of this Agreement shall survive until, and expire and be of no further force or effect, on the second annual anniversary of the date hereof. No action for indemnification may be brought under this Section 6 or may be brought with

respect to a breach of representations and warranties after the stated expiration date unless, prior to such date, the party seeking indemnification has been notified of such claim pursuant to Section 6.2.3. Any and all covenants made by, or on behalf of, any of the parties hereto shall survive without limitation and shall never terminate or expire. Further, a claim may be asserted by all, or any, of the Acquisitive Parties pursuant to Sections 6.2.1(a)(ii),

(iii), (iv), (v) and (vi) at any time from and after the date hereof as none of the same shall ever expire or terminate.

6.2 Indemnification.

6.2.1. By the Sellers.

(a) Except for disputes under Section 2.3 (which shall be subject only to the remedies set forth in Section 2.3), from and after the Closing, the Sellers jointly and severally agree to indemnify, defend and hold harmless each of the Acquisitive Parties and each of their respective officers, directors, employees, agents and Affiliates from and against any Loss (including reasonable attorneys' fees and other costs and expenses) (collectively, the "Damages") incurred or sustained by any Acquisitive Party, or any Subsidiary or Affiliate thereof, as a direct or indirect result of (i) the inaccuracy of any representation or warranty on the part of the Sellers under this Agreement, (ii) the breach of any covenant contained in this Agreement on the part of any Seller, (iii) the Retained Liabilities, (iv) the noncompliance of any Seller with the "bulk sales" laws as are applicable to the Sellers with respect thereto

except to the extent that such Loss with respect to non-compliance with the "bulk sales" laws arises out of the failure of the Acquisitive Parties to comply with their obligations with respect to the Assumed Liabilities (the parties hereto acknowledge that the Sellers do not intend to comply with the provisions of the applicable "bulk sales" laws), and (v) any fines or penalties imposed upon the Buyer as a consequence of the failure of the Buyer to obtain any permits and/or licenses as are required by Law prior to the date hereof (the Buyer agrees hereby to use its best reasonable efforts to obtain each of the same as promptly after the date hereof as is reasonable).

(b) Notwithstanding anything to the contrary contained herein in this Agreement, the parties hereto do hereby affirm that any and all instances of non-compliance with Law by any Seller prior to the date hereof are, and shall forever remain, a Retained Liability, and, in consideration thereof, the Buyer does hereby agree to assert no claim against any Seller with respect to any such actual or alleged instance of noncompliance with Law by the Company, or by any predecessor, prior to the date hereof, unless and until an action, claim, suit or proceeding with respect thereto is received by, asserted against or filed against either the Buyer or any Affiliate of the Buyer or any officer, director, employee, agent or representative thereof, in each case whether former or present, with respect to such instance of non-compliance by, or behalf of, any Official Body or Person. The Buyer shall, in all instances, be authorized to

comply with any notification or like requirement imposed by Law in all respects, including the furnishing, at any time, of any notifications or other writings as are required by Law to any Official Body or other Person. The Buyer agrees to consult reasonably with the Sellers prior to furnishing any such notification in an effort to reasonably resolve the instances of non-compliance with Law or eliminate the need to notify any Official Body or Person or take other mutually agreeable action; provided, however, in the event that such notification must, in the reasonable opinion of the Buyer, be furnished within a period of three (3) days, or less, no such consultation shall be required and in the event, and in any instance, the parties disagree with respect to the requirement or content of such notification the reasonable and informed opinion of the Buyer shall be determinative. The Sellers do hereby irrevocably agree to not assert as a defense, or permit to be asserted as a defense, to any claim by any Acquisitive Party, or any Affiliate, pursuant to the Agreement that such action, suit, claim or proceeding was initiated or instigated or is a result of, in whole or in part, any notification sent pursuant to, and in accordance with, this Section. The foregoing provisions of Section 6.2.1(b) are hereinafter referred to collectively as the "Mechanics." Upon receipt of any order, notice or other written communication from any Official Body (collectively, the "Order") requiring investigation, remediation, monitoring or similar activities (collectively, "Remedial Actions") at any of the properties transferred to Acquisitive Parties under this Agreement or at any of the Retained Owned Real Property or Retained Leased Real Property (hereinafter, collectively the "Properties"), Sellers shall perform all necessary Remedial Actions in

accordance with the laws, rules, orders and regulations applicable thereto. Acquisitive Parties shall provide Sellers, its employees, agents, representatives or other persons authorized in writing by the Sellers with reasonable access to the Properties to perform the Remedial Actions with respect to Owned Real Property and will use reasonable efforts with respect to Retained Leased Real Property (which shall not include the obligation to pay any money, commence a legal action or furnish any consideration), provided that such work does not unreasonably interfere with Acquisitive Parties' operations, except to

the extent as required by any Environmental Laws or Official Body. Acquisitive Parties shall also provide Sellers, its employees, agents, representatives or other persons authorized in writing by the Sellers with reasonable access to the Properties in the event that Sellers elect to perform Remedial Actions at any of the Properties in the absence of an Order, provided that such work is performed in accordance with applicable laws, rules, orders and regulations and does not unreasonably interfere with Acquisitive Parties' operations, except to the extent as required by any Environmental Law or Official Body. To the extent that Sellers' further investigation determines that the release, condition or other event requiring a Remedial Action is the result of or attributable to the actions of Acquisitive Parties or any officer, director, employee, agent or representative hereof, and/or Acquisitive Parties' operations at, on or around the Properties, Sellers shall provide notification to Acquisitive Parties and shall be entitled to recover all costs and expenses, including reasonable attorneys' and consultant's fees and expenses, incurred in connection with its

Remedial Actions which are necessary to address such release, condition or other event; provided, however, that Sellers shall not be entitled to recover that portion of the costs and expenses incurred which are attributable to any Retained Liability.

(c) In the event that, at any time from and after the date hereof, any Acquisitive Party receives a bona fide offer from any Person to acquire any real property of any Acquisitive Party, or any affiliate or predecessor, acquired by any Acquisitive Party pursuant to the terms hereof which said Acquisitive Party is desirous of accepting or causing the Buyer to accept, the Acquisitive Party shall forthwith furnish a copy of such bona fide offer to the Sellers, subject to any confidentiality obligations which may be imposed upon the Acquisitive Party. In the event that such prospective purchaser (a) requests remediation, in whole or in part, of such property in order to "bring the same" into compliance with then applicable Environmental Laws or (b) requests any indemnification or protection from any Loss, in any way, or howsoever phrased, from the Acquisitive Party with respect to the failure of such real property to then be in compliance with then applicable Environmental Laws (each of [a] and [b] are hereinafter referred to as a "Triggering Request"), the Sellers shall assert no claim against the Buyer or any Acquisitive Party or defense of any claim by any of the Acquisitive Parties based upon the results of such review and/or the possibility that the results thereof may require the Buyer to furnish notification to any Official Body and,

within thirty (30) days of receipt by the Seller of such Triggering Request, the Seller shall either (i) agree, with such prospective purchaser and the Acquisitive Party, in form and substance satisfactory to each of the same, to promptly arrange for, and promptly prosecute to completion, any and all remediation or like action required by the purchaser or prospective purchaser of that property in order to cause the same to be in compliance with then applicable Environmental Laws, (ii) furnish such protection from any Loss directly from the Sellers to the bona fide purchaser in order that such purchaser will consummate the transaction which is the subject of the bona fide offer or (iii) failing to fully and completely comply with either (i) or (ii) within such thirty (30) day period, the Sellers shall, within five (5) Business Days after the expiration of the noted thirty (30) day period, purchase, acquire and pay for said real property, without warranty as to compliance with the Environmental Laws prior to the date hereof, by paying to the Acquisitive Party that purchase price referred to in the bona fide offer. The Acquisitive Party shall have no obligation, direct or indirect, to effect any testing, remediation or any indemnification, whatsoever, to the Sellers with respect to compliance of the subject property with the Environmental Laws as of the date of transfer or otherwise. Should the Sellers fail to comply herewith, the Acquisitive Parties shall have all the rights and remedies available under then applicable Environmental Laws, and the Sellers agree to pay, on demand, to the Acquisitive Party all reasonable legal fees, costs and expenses incurred by the Acquisitive Party in connection with the enforcement of this provision and interest on such

purchase price as was noted in the bona fide offer from and after the expiration of the fifth (5th) day after expiration of thirtieth (30th) day after receipt of such offer by the Sellers until such sum is paid to the Acquisitive Party at that interest rate set forth in Section 2.7 hereof. Any provision of this Section 6.2.1(c) to the contrary notwithstanding, in the event that condition(s) or circumstance(s) on said real property does not constitute a Retained Liability, Seller shall be entitled to recover from the Acquisitive Parties all Losses arising therefrom.

(d) There shall not be any duplicative payments, purchase price adjustments or indemnities by the Sellers (provided, however, that in no event shall the Sellers receive any benefit or reduction in their

liabilities or obligations hereunder based upon insurance funds or proceeds which may, at any time, be recovered by, or on behalf of, any Acquisitive Party pursuant to the policies of the Acquisitive Parties or any tax benefits garnered by any Acquisitive Party as a result of any payments made by, or on behalf of, any Seller pursuant to the terms of the Agreement), and any reserves specifically established on the Closing Date Balance Sheet with respect to any matter as to which the Acquisitive Parties would otherwise be entitled to indemnification hereunder shall first be utilized, and a claim, or claims, asserted based thereon against the Sellers shall be payable or indemnifiable only to the extent that the Damages exceed the then remaining amount of such reserve or reserves. The Acquisitive Parties shall not be entitled to make a

claim for indemnification under this Section 6.1.2 based upon any item which was the subject of the net worth adjustment in connection with the establishment of the Closing Date Balance Sheet. Notwithstanding the foregoing, the Buyer shall not be permitted to seek recovery against the Sellers for amounts already received from the insurance policies of the Sellers, pursuant to those policies set forth on Schedule 2.5(q).

(e) The Acquisitive Parties shall have the right to assert a claim, or claims, for indemnification under this Section 6.2.1 pursuant to such provision or provisions, of the Agreement as the Acquisitive Parties may, from time to time, determine when one (1), or more, such provisions of the Agreement are applicable to the facts and circumstances of such a claim.

(f) The Acquisitive Parties shall be entitled to indemnification under clause (i) of Section 6.2.1(a) only to the extent that the aggregate amount of Damages exceeds the net of (A) One Hundred and Fifty Thousand ($150,000) Dollars minus (B) the product of (i) .50 and (ii) the amount that is the difference between (x) One Million Three Hundred and Forty Five Thousand ($1,345,000) Dollars and (y) all amounts paid or accrued (if the event giving rise to the payment obligation has occurred and a written claim has been received by a Seller prior to the expiration of the one (1) year period after the Closing) by SunSource pursuant to the SM Agreements within such one (1) year period up to a maximum amount of One Hundred and Fifty Thousand ($150,000) Dollars (the amount that is equal to (A) minus (B) is hereinafter referred to as

the "Basket"). Further, the Acquisitive Parties agree, with respect to a claim for indemnity under Section 6.2.1(a)(i) only, to assert no claim with respect to a breach or a group of related breaches based upon a specific fact or controversy or series of related facts or controversies if the Damages ascribed thereto are less than Five Thousand ($5,000) Dollars, and no claim, or claims, are to be configured so as to avoid the limitations of this sentence, provided, however, when the amount of Damages the assertion of which would otherwise be precluded by this sentence exceeds Twenty-Five Thousand ($25,000) Dollars, then the Acquisitive Parties shall be entitled to assert and to recover claims thereafter without regard to the exclusionary impact of this sentence in order that claims of less than Five Thousand ($5,000) Dollars may then be thereafter recoverable. The Basket and the other provisions of this Section are not applicable other than with reference to claims asserted pursuant to Section 6.2.1(a)(i).

6.2.2. By the Acquisitive Parties.

(a) Except for disputes under Section 2.3 (which shall be subject only to the remedies set forth in Section 2.3), from and after the Closing, the Acquisitive Parties agree to indemnify the Sellers and hold each of them harmless from and against any Damages incurred or sustained by the Sellers as a result of (i) the inaccuracy of any representation or warranty on the part of the Acquisitive Parties under this Agreement, (ii) the breach of any covenant contained in this Agreement on the part of the Acquisitive Parties, provided

that there shall not be any duplicative payments or indemnities by the Acquisitive Parties and (iii) the failure of the Acquisitive Parties to comply with their obligations with respect to the Assumed Liabilities.

(b) The Sellers shall be entitled to indemnification under clause (i) of Section 6.2.2.(a) only to the extent that the aggregate amount of such Damages exceeds the sum of One Hundred and Fifty Thousand ($150,000) Dollars. The immediately preceding sentence is not applicable other than with reference to claims asserted only pursuant to Section 6.2.2.(a)(i).

6.2.3. Indemnification Procedures. The following procedures shall apply to all claims for indemnification under this Article 6. A party entitled to indemnification hereunder shall herein be referred to as an "Indemnitee". A party obligated to indemnify an Indemnitee hereunder shall

herein be referred to as an "Indemnitor".

(a) Promptly after receipt by an Indemnitee of notice of any claim or the commencement of any action, or upon discovery of any facts which an Indemnitee reasonably believes may give rise to a claim for indemnification from an Indemnitor hereunder, such Indemnitee shall, if a claim in respect thereof is to be made against an Indemnitor under this Article 6, notify such Indemnitor in writing (the "Notice of Claim") of such claim, action or facts in reasonable detail of the claim or the commencement of such action, provided that the failure of the Indemnitee to give a Notice of Claim as provided herein shall not relieve the Indemnitor of its obligations under this Article 8 except to the extent the Indemnitor is actually materially prejudiced

by such failure to give a Notice of Claim. The Indemnitee shall furnish to the Indemnitor in reasonable detail all such information as it may have with respect to such claim.

(b) If the claim or demand set forth in the Notice of Claim is a claim or demand asserted by a third party (a "Third Party Claim"), the Indemnitor shall have fifteen (15) days after the date the Notice of Claim is actually received by the Indemnitor to notify the Indemnitee, in writing, of its election to defend such Third Party Claim on behalf of the Indemnitee, provided that such election by the Indemnitor shall be without prejudice to the Indemnitee's right to participate in the defense of such Third Party Claim at the Indemnitee's expense through counsel of its own choosing. Neither party hereto may settle or compromise any Third Party Claim without the written consent of the other party hereto, which consent shall not be unreasonably withheld, delayed or conditioned. If the Indemnitor (A) does not elect to defend a Third Party Claim and (B) shall have offered in writing to deliver to the Indemnitee the full amount set forth in the Third Party Claim (the "Offered Amount"), the Indemnitee shall have the right, in addition to any other right or remedy it may have hereunder, to refuse such delivery and, at the expense of the Indemnitee, to defend against such Third Party Claim, provided that if the Indemnitee defends such Third Party Claim, then, whether or not such Indemnitee is found to have any liability with respect thereto, the Indemnitor shall

indemnify the Indemnitee for all Damages with respect thereto, including expenses incurred in such defense, but only up to a maximum amount equal to the Offered Amount. Further, the Indemnitee shall indemnify the Indemnitor to the extent of the excess of all Damages with respect to this matter over the Offered Amount in this situation.

(c) If the Indemnitor elects to defend a Third Party Claim pursuant to paragraph (b) of this Section 6.2.3, the Indemnitee will cooperate with the Indemnitor in such defense and will make reasonably available to the Indemnitor (at the Indemnitor's reasonable expense) all records and other materials and personnel which are reasonably required in the defense thereof.

6.2.4 The Procedure for Presentation to Assure of Letter of Credit. The parties hereto do agree to follow the following process in connection with any presentation by the Acquisitive Parties to the Issuer of the Letter of Credit:

(a) As a condition precedent to a demand upon the issuer pursuant to the Letter of Credit, the Acquisitive Parties shall deliver to each of the Sellers, with a copy to the Issuer, a written notice (the "Purchaser Notice"), which shall be signed on behalf of the Acquisitive Parties and set forth (i) a demand for payment to the Acquisitive Parties of a specified dollar amount of damages incurred by the Acquisitive Parties, (ii) the Section, or Sections, of this Agreement alleged to have been breached, (iii) a reasonably detailed itemization of the damage, loss, cost or expense incurred by the Acquisitive Parties and (iv) a description of the liability or obligation to the Acquisitive Parties pursuant to any provision of the Agreement.

(b) If the Acquisitive Parties deliver to each of the Sellers a Purchaser Notice and the Sellers do not deliver to the Acquisitive Parties a Response Notice (as defined below), within thirty (30) days of the receipt of the Purchaser Notice by the Sellers, then the Acquisitive Parties shall be authorized to, at any time thereafter, deliver to the Issuer a written statement from the Acquisitive Parties specifying, under penalty of perjury, that a Purchaser Notice has been tendered and that no Response Notice has been received by the Acquisitive Parties within thirty (30) days of the receipt of the Purchaser Notice by the Sellers, and the procedures set forth in the Letter of Credit relating to the payment of the funds reserved thereunder (the "Letter of Credit Funds") shall govern at such time.

(c) If the Sellers believe that the Purchaser Distribution Event specified in the Purchaser Notice has not occurred, or disagree with the demanded specified dollar amount, then the Sellers shall, within thirty (30) days of the receipt by the Sellers of the notification, deliver to the Acquisitive Parties a written notice (a "Response Notice") which shall be signed by the Sellers. The Response Notice shall set forth, and a copy of the same shall be forwarded to the Issuer, the specific basis for such belief that the Purchaser Notice is incorrect. If the Sellers deliver a Response

Notice, the Acquisitive Parties shall not be entitled to the Letter of Credit Funds except as the same may be released pursuant to Paragraphs (II) or (III) of the Letter of Credit.

(d) Following the expiration of the two (2) year term of the Letter of Credit, to the extent that at such time there is an outstanding unsatisfied claim in an amount set forth in the Purchaser Notice (the "Liquidated Claim Amount"), the amount then available under the Letter of Credit shall be reduced by the difference between $2,000,000 and such Liquidated Claim Amount.

(e) If, at any time after the term of the Letter of Credit has been extended or renewed beyond 24 months, the Issuer withdraws the Letter of Credit, then SunSource shall use its best efforts to provide immediately to the Buyer in an amount equal to the Liquidated Claim Amount, at the Sellers' election, either (i) obtain a bond issued by a reputable United States financial institution or bond issuer, (ii) obtain a letter of credit issued by a United States bank of national reputation or (iii) establish an escrow fund at a United States financial institution of national reputation consisting of cash or marketable securities, each of which shall be subject to the consent of the Buyer, which shall not be unreasonably withheld, delayed or conditioned.

6.3 Receivables Indemnification.

(a) The Company has delivered to the Buyer a complete list of all accounts receivable reflected on the Estimated Closing Date Balance

Sheet ("Receivables") that are uncollected ninety (90) days or more after the invoice date (the "Payment Date") on which payment is due and owing pursuant to the invoices relating to such Receivables (the "AR List"), together with all documentation relating to the collection of such unpaid Receivables (including all documentation relating to any compromise or waiver of any amount thereof) ("Unpaid Receivables Documentation"). On the Business Day prior to the Closing Date, the Buyer delivered to the Company a complete list of the Receivables listed on the AR List with respect to which the Buyer elects to cause to be included among the Excluded Assets, which election shall be binding upon all parties. The reserves for accounts receivable set forth on the Estimated Closing Date Balance Sheet and carried over to the Closing Date Balance Sheet shall be adjusted, on a dollar for dollar basis, but not less than zero, on or before the Closing Date, in order to reflect the amount of the accounts receivable of the Company to be included among the Excluded Assets and not purchased by the Buyer.

(b) Within fifteen (15) days after the end of each calendar month after the Closing in which Receivables reflected on the Closing Date Balance Sheet, or if not yet in existence, the Draft Closing Date Balance Sheet which are uncollected ninety (90) days or more after the Payment Dates relating thereto (the "Remaining Unpaid Receivables") are outstanding, the Buyer shall deliver to the Sellers a complete list of the Remaining Unpaid Receivables with respect to which it intends to assign all causes of action to the Sellers

pursuant to the terms of this Section 6.3(b), together with all Unpaid Receivables Documentation received by the Buyer from the Company, together with a form of bill of sale, the only representation or warranty of the Buyer contained therein shall be that the Buyer owns such unpaid receivable, free and clear of any liens, claims, charges or encumbrances (the "ARBS"), with respect to such unpaid receivables. Not later than fifteen (15) days after delivery of each such monthly list, the Buyer shall assign, convey and transfer to the Sellers, without recourse, any and all legal and equitable causes of action of the Buyer relating to the Remaining Unpaid Receivables listed on such list which are outstanding on such date, and shall reduce the "bad debt" reserve established on the Closing Date Balance Sheet on a dollar-for-dollar basis but not less than zero. To the extent that the value of the remaining unpaid receivables ("RUP") exceeds the remaining "bad debt" reserve established on the Closing Date Balance Sheet, the Sellers shall pay to the Buyer, not later than five (5) Business Days after such assignment by the Company is received by the Owner, an amount, in cash equal to such Remaining Unpaid Receivables, and the

Buyer shall deliver any Unpaid Receivables Documentation together with the ARBS, the form which is referred to above, relating to such unpaid receivables.

(c) Until the date on which all causes of action with respect to any Closing Date Unpaid Receivable or Remaining Unpaid Receivable (all such unpaid accounts receivable being collectively referred to herein as

"Unpaid Receivables") have been assigned to the Sellers pursuant to this Section 6.3, the Buyer will use its customary collection efforts to collect all amounts owed on such Unpaid Receivables, and shall not compromise or waive any claim, in whole or in part, for any Unpaid Receivable, without the prior consent of the Sellers, such consent not to be unreasonably withheld, delayed or conditioned. The Buyer shall not use any collection efforts or take or refrain from taking any action with respect to any Unpaid Receivable which would give rise to a defense against collection in full of such Unpaid Receivable, without the prior consent of the Sellers, such consent not to be unreasonably withheld, delayed or conditioned. Unless a customer specifically indicates that such customer is paying a specific invoice, all amounts collected on accounts receivable from a customer shall be applied first to reduce the amount of the longest outstanding Unpaid Receivable associated with such customer and shall not be applied against accounts receivable arising after the Closing Date until all such customer's Unpaid Receivables with Payment Dates prior to the Closing Date have been paid in full.

(d) The Buyer shall cooperate with the Sellers in the Seller's efforts to collect all Unpaid Receivables, including providing the Sellers with reasonable access to the books, records, personnel, attorneys or other agents of the Buyer involved in the efforts to collect such Unpaid Receivables. From and after the date of receipt by the Buyer of payment from the Seller for a particular Remaining Unpaid Receivable the Sellers may take such

actions as they may deem desirable in order to collect the same including, communications with such account debtors and taking any and all legal or equitable actions as the Sellers shall, at their sole cost, expense and liability, believe desirable, but in no event shall any Seller or any employee or agent thereof recommend, directly or indirectly, or permit any party who has undertaken efforts to collect the same, whether for the account of the Seller or any other party, to, in any way, suggest that an account debtor not pay any indebtedness to the Buyer in accordance with the collection efforts of such Seller or any other party with respect thereto.

(e) On or prior to November 30, 2000, the Buyer shall deliver to the Sellers and Deloitte & Touche a list of all Unpaid Receivables with respect to which the Buyer has assigned to the Sellers all causes of action relating thereto and all Remaining Unpaid Receivables with respect to which such causes of action have not yet been assigned, together with a report on the compliance by the Buyer and the Company with the terms of this Section 6.3. Prior to December 31, 2000, Deloitte & Touche shall deliver to the Sellers and the Buyer a report confirming, in the reasonable opinion of Deloitte & Touche, the accuracy of such list and the compliance by the Buyer and the Company with the terms of this Section 6.3. In the event that Deloitte & Touche concludes that any Receivables on such list were not Unpaid Receivables, the Buyer shall cause all amounts paid by the Sellers on account of such Unpaid Receivables to be reimbursed to the Sellers within five (5) Business Days of receipt of

Deloitte & Touche's report, provided that the amount of any such reimbursement shall be reduced by all amounts recovered by the Sellers with respect to such Unpaid Receivables. The parties agree that the report of Deloitte & Touche rendered pursuant to this Section 6.3(e) shall be final and binding (subject to Section 6.3[f]) on the parties hereto with respect to the subject matter covered hereby.

(f) At any time, and from time to time, the Sellers shall have the right to review all information and reports rendered pursuant to this Section in order to assure themselves of the accuracy and completeness thereof. The Buyer shall cooperate, upon reasonable notice, with the Sellers with respect thereto, make available to the Sellers the books, records, information and personnel of the Buyers in connection therewith and in the event of any dispute or disagreement among the parties hereto the same shall be promptly resolved in accordance with the dispute resolutions procedure set forth in Section 2.3(c) hereof.

6.4 Claw Back Right. If at any time on, or after, the date hereof, the Buyer receives any payment with respect to any assets of the Company not conveyed to the Buyer pursuant to the terms hereof, including any accounts receivable not purchased by the Buyer, any accounts receivable later purchased

by and assigned to the Company from the Buyer payments with respect to insurance, Tax refunds and insurance proceeds the same shall be, within ten (10)

Business Days of receipt thereof and identification thereto as subject hereto, remitted to the Company.

6.5 Subrogation Rights. If any party hereto has any rights against a third party with respect to any Damages which result in the making of an indemnification payment under this Agreement, then the party paying such indemnification shall, to the extent of such payment and as may be permitted under then applicable contracts, agreements or understandings, be subrogated to the rights of the Person receiving indemnification.

6.6 Effect of Investigation or Knowledge. Any claim by an Indemnitee to indemnification shall not be adversely effected by any investigation by, or the opportunity to investigate afforded to said party, but each party hereto shall be deemed to be relying on the representations and warranties of the other party set forth herein regardless of any investigation or audit conducted before, or after, the Closing Date or the decision of any such party to consummate the transaction which is the subject hereto and complete the Closing.

ARTICLE 7
GENERAL PROVISIONS

7.1 Modification; Waiver. This Agreement may be amended, modified or supplemented only by a written instrument executed by each of the parties hereto. Any of the terms and conditions of this Agreement may be waived

in writing at any time on or prior to the Closing Date by the party entitled to the benefits thereof.

7.2 Transfer of Acquired Assets and of Funds. To the extent that any of the Assets are non-assignable or non-transferable to the Buyer, or non-assignable or non-transferable without the consent of a third party, or shall be subject to any option in any third party by virtue of a request for permission to assign or transfer by reason of or pursuant to this Agreement or the transactions contemplated hereby, this Agreement shall not constitute an assignment or a contract to assign or transfer the same (unless such consent is obtained or option waived) if an assignment or an attempted assignment or transfer would, immediately, or with the passage of time or the giving of notice, or both, constitute a breach thereof. If the Sellers shall have failed to have procured a required consent to any assignment or a transfer or waiver of such option with respect to any of such Assets prior to the date hereof the Sellers shall thereafter promptly use commercially reasonably efforts (which shall not include the obligation to pay money or commence a legal action) to make the full use and benefit of such Assets available to the Buyer to the same extent as if such impediment to the assignment or transfer did not exist. In the event that the use and benefit of any such Assets are not made available to the Buyer substantially to the same extent as the same was available to the Company, the Sellers shall, subject to the Buyer having timely fulfilled its material obligations pursuant to such Asset (provisions with respect to the requirement

to obtain any consent or approval with respect to this transaction only shall not be construed, for any purposes hereby, to constitute "material obligations") from and after the date hereof, indemnify, defend and hold harmless the Buyer, and each of its officers, directors, employees and agents, from and against any and all loss, cost, damage or expense arising from the failure of the Buyer to have available to it the full use and benefit of such Assets.

If the Company or any of its Affiliates receives, on or after this date, any payments on any of the accounts receivable purchased by the Buyer from the Sellers, the Sellers and their Affiliates shall hold such payments in trust for the benefit of the Buyer and shall forward the same to the Buyer (only endorsed to the extent necessary to facilitate collection thereof) within five (5) Business Days after the Company or such Affiliate's receipt thereof, and the Company and its Affiliates shall not commingle such payments with their own property or deposit the same to any bank account.

7.3 Entire Agreement. This Agreement, including the Schedules and Exhibits hereto, together with each of the other documents, agreements and instruments referred to herein (are hereinafter collectively referred to as the "Related Agreements") contain all of the terms, conditions and representations and warranties agreed upon by the parties relating to the subject matter of this Agreement and, except as expressly set forth herein, and except for the provisions of the Related Agreements, there are no restrictions, promises,

representations, warranties, covenants or undertakings, other than those

expressly set forth herein and in the Schedules and Exhibits hereto. This Agreement and the Related Agreements supersede all other prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, with respect to the subject matter hereof and thereof.

7.4 Allocation of Purchase Price. The parties agree that they will not file a return or statement, including IRS Form 8594, or otherwise take a position, with the Service, or any other tax authority, that is inconsistent with the allocation based on the books of account as set out in the Closing Date Balance Sheet.

7.5 Environmental Reports. If and to the extent requested by the Sellers, the Acquisitive Parties shall, without warranty as to accuracy or completeness, deliver to the Sellers a copy of all Phase I and Phase II environmental site assessments prepared by EnSafe, Inc. for the Buyer in connection with this transaction excluding those relating to the Retained Owned Real Property which shall be forwarded within thirty (30) days following the Sellers' request at any time within the next two (2) years. The Acquisitive Parties shall bear all costs related to the duplication and delivery thereof.

7.6 Preparation of Documents. This Agreement is the joint work product of the parties hereto and in the event of any ambiguity herein no inference shall be drawn against a party by reason of document preparation.

7.7 Expenses. Whether or not the transactions contemplated herein shall be consummated, each party shall pay all fees and expenses incurred by it in connection with this Agreement and the consummation of the transactions contemplated hereby.

7.8 Interpretation. Unless the context of this Agreement clearly otherwise requires, (a) references to the plural will include the singular, the singular the plural, the part to the whole, (b) references to any gender will include all genders, (c) "include" and "including" have the inclusive meaning frequently identified with the phrases "without limitation" or "but not limited to" and (d) references to "hereunder", "herein" or "hereof" relate to this Agreement.

7.9 Headings. The headings contained in this Agreement are intended solely for convenience and shall not affect the rights of the parties to this Agreement.

7.10 Time is of the Essence. Time is of the essence as to any and all actions to be taken pursuant to the Agreement.

7.11 Notices. All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, if delivered personally to the persons identified below or by telecopier or by DHL or other internationally recognized overnight courier, or five (5) days after the mailing

if mailed by certified or registered mail, postage prepaid, return receipt requested, addressed as follows (or at such other address for a party as shall be specified by like notice, provided that notice of a change of address shall be effective only upon receipt thereof):

If to the Sellers:

SunSource Inc.
3000 Logan Square
Philadelphia, Pennsylvania 19103
Attention: Joseph M. Corvino and Norman Edmonson

with a copy to

Morgan Lewis & Bockius, LLP
1701 Market Street
Philadelphia, Pennsylvania 19103-2921
Attention: Thomas J. Sharbaugh, Esquire

If to the Acquisition Parties

VVP America, Inc.
965 Ridge Lake Boulevard

Memphis, Tennessee 38120
Attention: Suresh Kumar

with a copy to

Thorp, Reed & Armstrong, LLP
One Riverfront Center
Pittsburgh, Pennsylvania 15222
Attention: Edward B. Harmon, Esquire

Such addresses may be changed, from time to time, by means of a notice given in the manner provided in this Section.

7.12 Severability. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if

possible, in order to achieve the intent of the parties to this Agreement to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

7.13 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.14 No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any person or entity which is not a party or a successor or assignee of a party to this Agreement.

7.15 Change of Name. Effective as of the date hereof the Sellers shall cause the Company to change its name to a name not confusingly similar, in any respect, to "Harding Glass, Inc.", and such name shall not contain, in any way, the words "Harding" or "Glass" or any word derived therefrom.

7.16 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement.

7.17 Governing Law; Dispute Resolution.

(a) Except as provided in paragraph (b) below, this Agreement shall be governed by, and construed in accordance with, the laws of

the State of Delaware (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

(b) Except as provided in Section 2.3(c) and with respect to provisions relating to competition and confidentiality, any controversy or claim arising out of or relating to this Agreement or any breach thereof shall be settled by arbitration. The arbitration shall be held in Cincinnati, Ohio and, except to the extent inconsistent with this Agreement, shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of the arbitration. The arbitration shall be conducted in the English language. The arbitration proceedings, all documents and all testimony, written or oral produced in connection therewith, and the arbitration award shall be confidential.

(c) The arbitration panel shall consist of three (3) arbitrators. The party initiating arbitration (the "Claimant") shall appoint its arbitrator in its demand (the "Demand"). The other party (the "Respondent") shall appoint its arbitrator within thirty (30) days of receipt of the Demand (whether the Demand is received from the Claimant or from the American Arbitration Association) and shall notify the Claimant of such appointment in writing. If the Respondent fails to appoint an arbitrator within such thirty (30) day period, the arbitrator named in the Demand shall decide the controversy or claim as a sole arbitrator; provided that the respondent shall be entitled to five (5) days notice an opportunity to cure such failure. Otherwise, the two (2)

arbitrators appointed by the parties shall appoint a third arbitrator within forty-five (45) days after the Respondent has notified Claimant of the appointment of the Respondent's arbitrator. When the arbitrators appointed by the Claimant and Respondent have appointed a third arbitrator and the third arbitrator has accepted the appointment, the two (2) arbitrators shall promptly notify the parties of the appointment of the third arbitrator. If the two (2) arbitrators appointed by the parties fail or are unable so to appoint a third

arbitrator or so to notify the parties, either party may request the then President of the American Arbitration Association to appoint the third arbitrator. The President of the American Arbitration Association shall appoint the third arbitrator within thirty (30) days after such request and shall notify the parties of the appointment. The third arbitrator shall act as Chairman of the panel. If any arbitrator shall for any reason cease to be an arbitrator, his replacement shall be chosen in the same manner as which such departing arbitrator was chosen.

(d) In addition to the authority conferred on the arbitrators by the Commercial Arbitration Rules of the American Arbitration Association and by law, the arbitrators shall have the authority to order such discovery and production of documents, including the deposition of party witnesses, and to make such orders for interim relief, including injunctive relief, as they may deem just and equitable. Notwithstanding the foregoing, the arbitrators shall be only empowered to interpret and apply the terms of this

Agreement, and shall not be empowered to revise or amend any provision in this Agreement, nor to make a decision based on any such revision or amendment.

7.18 Arbitral Award. The arbitral award may grant any relief deemed by the arbitrators to be just and equitable, including, without limitation, specific performance. The arbitral award shall state the reasons for the award and relief granted, shall be final and binding on the parties to the arbitration, and may include an award of costs, including reasonable attorneys' fees and disbursements. Any award rendered may be confirmed, judgment upon any award rendered may be entered, and such award of the judgment thereon may be enforced in any court of any state or country having the jurisdiction over the parties and/or their assets.

7.19 Sole Remedy. The indemnification rights pursuant to Article 6 hereof shall constitute the sole and exclusive remedies for recovery of money damages with respect to the matters described therein. Notwithstanding the terms of this Section 7.19 to the contrary, this provision shall not limit, in any way, any other legal or equitable remedy that may be available to the Buyer with respect to this Agreement other than as the same may be dispositively addressed in such Article 6

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

VVP America, Inc.

By:_____________________________________

Title:__________________________________

VVP America Acquisition, L.L.C.

By:_____________________________________

Title:__________________________________

SunSource Inc.

By:_____________________________________

Title:__________________________________

SunSub A Inc.

By:_____________________________________

Title:__________________________________

SunSource Investment Company Inc.

By:_____________________________________

Title:__________________________________

Harding Glass, Inc.

By:_____________________________________

Title:________________________________

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FOR IMMEDIATE RELEASE

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SUNSOURCE ACQUIRES AXXESS TECHNOLOGIES, INC.

Strategic Acquisition Will Broaden Opportunities For The Hillman Group

PHILADELPHIA, PA, April 7, 2000 - SunSource Inc (NYSE: SDP & SDP.PR) reported today that it has completed the acquisition of Axxess Technologies, Inc. of Tempe, Arizona, which was previously announced at the end of October 1999.

Axxess is a manufacturer and marketer of key duplication and identification systems. These include the patented Axxess Precision Key Duplication System(TM), the Quick-Tag(TM) engraving vending systems for pet, luggage and identification tags and the Cole(R) brand letters, numbers and signs (LNS) program. Its current customers include mass market retailers such as Wal-Mart, Lowe's, and PETsMART which fit well with SunSource's Hillman Group whose hardware, keys and LNS product lines sell principally into hardware stores in addition to other national retailers.

The transaction is being structured as a purchase of 100% of the stock of the privately-held company and repayment of outstanding Axxess debt in exchange for $87 million in cash and $23 million in subordinated notes.

Maurice P. Andrien, Jr., SunSource President and Chief Executive Officer, said that Axxess will operate within The Hillman Group with Axxess' current CEO, Stephen Miller, along with other key management, remaining in their current positions.

"The combined companies' revenues in 1999 were $234 million which represents a compound annual growth rate of about 25% since 1994. Moreover, the two businesses are expected to complement each other in key duplication, identification systems, fasteners and related hardware items," Andrien noted.

"This acquisition should be viewed as confirming SunSource's intention to build its core businesses to strengthen shareholder value while carefully monitoring our overall financial leverage," Mr. Andrien said.

"We believe Hillman will benefit from the synergies resulting from integrating the Axxess technology and customer base," said Mr. Miller, CEO of Axxess.

Max W. Hillman, Chief Executive Officer of The Hillman Group, said "Axxess is well known for its innovative, consumer-oriented technologies which are patent-protected."

SunSource Inc. is one of the nation's leading providers of value-added services and products to retail and industrial markets in North America. The Company's SunSource Technology Services business provides parts supply, engineering and repair services throughout the U.S. and Canada. The Company's Hillman Group subsidiary is a leading provider to hardware and other retail outlets of merchandising systems, in-store service work and small parts including fasteners, keys and identification items such as letters, numbers and signs. The Company's Integrated Supply business provides comprehensive inventory management services for maintenance, repair and operating supplies in the U.S. and Mexico. The Company's Kar Products affiliate offers distribution of maintenance and repair parts and personalized inventory management services.

# # #

This press release contains statements by the Company that involve risks and uncertainties and may constitute forward- looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current views and are based upon certain assumptions relating to the success of the acquisition, cost reductions related to integration of the two companies, strategic growth plans and overall economic conditions. Actual results could differ materially from those currently anticipated as a result of a number of factors, including the risks and uncertainties discussed under the captions "Risk Factors"--Risks Associated with Acquisitions set forth in Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998, as filed with the Securities and Exchange Commission. Given these uncertainties, current or prospective investors are cautioned not to place undue

reliance on any such forward-looking statements. Furthermore, the Company disclaims any obligation or intent to update any such forward-looking statement to reflect future events or developments.

For more information on the Company, please visit our website at www.prnewswire.com

For NYSE Symbols SDP & SDP.PR

FOR IMMEDIATE RELEASE

SUNSOURCE COMPLETES SALE OF HARDING GLASS SUBSIDIARY

Philadelphia, Pa. (April 13, 2000) -- SunSource Inc (SDP and SDP.PR) reported today that it has completed the sale of its Harding Glass, Inc., subsidiary to VVP America which was previously announced on January 10, 2000. The purchase price was not disclosed.

Maurice P. Andrien, Jr., SunSource President and Chief Executive Officer, said, "While our Harding Glass subsidiary is a quality company in the glass industry, it is clearly non-strategic in relation to the other business opportunities available to SunSource." Andrien noted that the intended sale will reduce the Company's borrowing levels and improve its debt leverage ratios. The CEO added that this action should enhance the Company's ability to pursue strategic initiatives centered around its core businesses.

Mr. Andrien further noted that with completion of the Harding sale along with the recently announced business venture with Glencoe Capital regarding Kar Products and the acquisition of Axxess Technologies, SunSource has accomplished its major strategic objective to reposition the Company for the future.

SunSource Inc. is one of the nation's leading providers of value-added services and products to retail and industrial markets in North America. The Company's SunSource Technology Services business provides parts supply, engineering and repair services throughout the U.S. and Canada. The Company's Hillman Group including Axxess Technologies is a leading provider to hardware, mass merchants and other retail outlets of merchandising systems, in-store service work and small parts including fasteners, keys and identification items such as tags, letters, numbers and signs. The Company's Kar Products affiliate offers distribution of maintenance and repair parts and personalized inventory management services.

# # #

This press release contains statements by the Company that involve risks and uncertainties and may constitute forward- looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current views and are based upon certain assumptions relating to uncertainties with respect to the sale of Harding Glass, Inc., and current business conditions overall. Actual results could differ materially from those currently anticipated as a result of a number of factors, including the risks and uncertainties discussed under the caption "Risk Factors" set forth in Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999, as filed with the Securities and Exchange Commission. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward-looking statements. Furthermore, the Company disclaims any obligation or intent to update any such forward-looking statement to reflect future events or developments.

For more information on the Company, please visit its website at www.PRNewswire.com