

1.04 Industries Closing: as soon as practicable after the effective date of TriMas' registration statement under the Securities Exchange Act of 1934.

1.05 Masco Closing: as soon as practicable after, but not before, the Industries Closing.

1.06 Record Date: the date which the Board of Directors of Masco sets as the record date for the Distribution.

1.07 Subordinated Debentures: the subordinated debentures issuable by TriMas pursuant to Section 2.02 hereof in accordance with a Subordinated Debenture Purchase Agreement (the "Debenture Agreement"), the form of which is attached as Exhibit 1.07 hereto.

1.08 TriMas Assets:

(i) all businesses, properties and assets owned by Industries and NI Industries, Inc., an indirect wholly owned subsidiary of Industries ("NI"), of every kind and description, real, personal and mixed, tangible and intangible (including goodwill and contract rights), primarily used in or primarily relating to Commonwealth Industries, Kee Services, Keo Cutters, Punchcraft Company, Reska Spline Products Co. and Compressed Gas Cylinder

("CGC") (with the foregoing companies referred to collectively as the "Divisions") or the Transferring Subsidiaries, as hereinafter defined, but which are held by Industries primarily for the benefit of the Divisions, and as the same exist on the date of the Industries Closing, except that the TriMas Assets shall exclude an amount equal to receivables due the Divisions from Industries or NI at September 30, 1988;

(ii) all of the capital stock of Rieke Corporation ("Rieke"), Eskay Screw Corporation and Richards Micro-Tool, Inc., all Delaware corporations and wholly owned subsidiaries of Industries (collectively the "Transferring Subsidiaries"), and all properties and assets owned by Industries of every kind and description, real, personal and mixed, tangible and intangible (including goodwill and contract rights), but which are held by Industries for the benefit of the Transferring Subsidiaries and are primarily used in or primarily relate to the Transferring Subsidiaries, as the same exist on the date of the Industries Closing;

(iii) the Enid, Oklahoma plant (including the contents thereof) owned by Nimas Corporation, a Delaware corporation and wholly owned subsidiary of Industries ("Nimas");

(iv) such other assets owned by Industries or any of its subsidiaries, other than the \$20 million in cash referred to below, as are reflected in the Industries Businesses column of the pro forma condensed consolidated balance sheet of TriMas as of September 30, 1988 (the "September Statement"), subject to changes in such other assets therein occurring in the ordinary course of business between the date of said balance sheet and the date of the Industries Closing. The pro forma condensed consolidated balance sheet of TriMas as of June 30, 1988 (the "June Statement") is attached as Exhibit 1.08(iv) hereto. The September Statement will be prepared by Industries, consistent with the June Statement, and substituted for the June Statement in Exhibit 1.08(iv). A copy of the September Statement will be delivered to TriMas concurrently with such substitution. If TriMas is not in agreement with the Industries Businesses column of the September Statement, it will notify Industries in writing of such fact (including the reasons therefor) within 10 days after its receipt of the September Statement. If TriMas and Industries are not able to resolve any disagreement, either party may submit the matter to Coopers & Lybrand, independent certified public accountants ("C & L"), for review in accordance with the provisions of this Agreement, and the determination by C & L shall be final and binding on the parties. If any changes are thereby

made to the September Statement, such statement, as amended, shall be substituted for the statement in Exhibit 1.08(iv); and

(v) \$20 million in cash from Industries, plus interest on such amount at the rate of seven (7%) percent per annum from the Effective Date to the date of the Industries Closing.

1.09 TriMas Common Stock: the common stock of TriMas, \$.01 par value per share.

1.10 TriMas Preferred Stock: the \$100 Convertible Participating Preferred Stock of TriMas, \$1.00 par value per share, liquidation preference \$1,000 per share. The Certificate of the Designation, Powers, Preferences and Rights with respect thereto is attached hereto as Exhibit 1.10.

II

CLOSINGS

2.01 At the Industries Closing, Industries shall, and shall cause its subsidiaries to, assign, transfer and convey to TriMas (or, at the request of TriMas, to a wholly owned subsidiary or subsidiaries of TriMas) all of Industries' and

such subsidiaries' right, title and interest in and to the TriMas Assets. The TriMas Assets shall be transferred "as is, where is", without any express or implied warranties, except as otherwise provided in this Agreement.

2.02 Pursuant to Section 351 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), in exchange for the TriMas Assets and subject to the Assumption and Indemnification Agreement hereinafter described, at the Industries Closing, TriMas shall issue to Industries and its subsidiaries, (i) 2,333,333 shares of TriMas Common Stock, (ii) 70,000 shares of TriMas Preferred Stock and (iii) Subordinated Debentures in an aggregate principal amount of \$128 million in accordance with the Debenture Agreement. The above-described securities of TriMas shall be allocated among and registered in the names of Industries and its subsidiaries as Industries instructs TriMas to allocate and register such securities prior to the Industries Closing.

2.03 At the Industries Closing, TriMas and Industries shall enter into the Assumption and Indemnification Agreement, attached as Exhibit 2.03 hereto, pursuant to which TriMas will assume, other than the liabilities specifically excluded therein, all of the liabilities of Industries, NI and Nimas relating to the TriMas Assets, except that payables owed to Industries by the Divisions, as reflected in General Ledger

account number 129, will be paid at or prior to the Industries Closing.

2.04 At the Masco Closing, TriMas shall deliver to Masco 1,866,667 shares of TriMas Common Stock in exchange for \$56 million plus interest on such amount at the rate of seven (7%) percent per annum from the Effective Date to the date of the Masco Closing. Concurrently therewith, TriMas shall redeem the presently outstanding 11% subordinated note of TriMas held by Masco in an aggregate principal amount of \$10 million, plus accrued interest thereon, provided, however, that interest on such note from the Effective Date through the date of the Masco Closing shall accrue at the rate of seven (7%) percent per annum.

2.05 At or prior to the Industries Closing, each Transferring Subsidiary will pay a dividend to Industries of such Transferring Subsidiary's balance as of September 30, 1988 in General Ledger account number 281 of its books and records if such account had a receivable balance from Industries to any such Transferring Subsidiary as of such date. At or prior to the Industries Closing, each Transferring Subsidiary will pay to Industries an amount equal to such Transferring Subsidiary's respective balance as of September 30, 1988 in General Ledger account number 281 of its books and records if such account had a payable balance to Industries as of such date.

2.06 As soon as practicable after the Industries Closing, Industries and TriMas will jointly conduct a review for the purpose of reconciling expenses and revenues between such parties during the period commencing on the Effective Date and ending on the date of the Industries Closing in order to effect the provisions of Section 2.09. Examples of items to be reviewed include (i) amounts owing to Industries by TriMas for risk insurance, health insurance (including the normal year-end adjustment to reflect the claims experience of each of the businesses included in the TriMas Assets) and other advances, and the management fee accruing from the Effective Date pursuant to the Corporate Services Agreement (as hereinafter defined), and (ii) amounts owing to TriMas by Industries to restore to TriMas any amounts distributed to Industries by any of the businesses included in the TriMas Assets from the Effective Date, other than as contemplated by this Agreement, together with interest thereon at the rate of seven (7%) percent per annum. If Industries and TriMas fail to agree on the proper reconciliation within 90 days after the Industries Closing, the matter may be submitted by either party to C & L for review in accordance with the provisions of this Agreement, and the determination by such accounting firm shall be final and binding on the parties. Promptly after the parties agree or a final determination by C & L is made, either Industries or TriMas, as the case may be, will make payment to the

other party in accordance with such agreement or determination.

2.07 At the Industries Closing, Masco and TriMas shall enter into the Corporate Services Agreement, attached as Exhibit 2.07(i), and Masco, Industries and TriMas shall enter into the following additional agreements, each of which shall be in the form of the Exhibit attached hereto: Corporate Opportunities Agreement (Exhibit 2.07(ii)); Stock Repurchase Agreement (Exhibit 2.07(iii)); and Registration Agreement (Exhibit 2.07(iv)). In addition, at or prior to the Industries Closing all of the shareholders of TriMas shall approve the TriMas stock option and restricted stock incentive award plans in accordance with the requirements of Rule 16b-3 under the Securities Exchange Act of 1934.

2.08 Concurrently with the Industries Closing, TriMas will consummate the Recapitalization, as hereinafter defined.

2.09 The transactions contemplated herein shall be effective for all purposes as of the Effective Date, and TriMas shall be entitled to the benefit of any after tax profit and shall bear the burden of any after tax loss with respect to the TriMas Assets from and after such date; provided, however, that (i) the businesses included in the TriMas Assets will be

consolidated in the federal income tax returns of Industries for some period of time after the Effective Date (the "Relevant Period"), (ii) federal income taxes relating to the businesses included in the TriMas Assets from and after the Effective Date through the end of the Relevant Period will be paid by Industries for the account of TriMas, and (iii) any tax refunds relating to the businesses included in the TriMas Assets, to the extent they relate to the period (x) up to the Effective Date, will belong to Industries, and (y) from and after the Effective Date, will belong to TriMas.

III

EMPLOYMENT, BENEFIT MATTERS AND INSURANCE

3.01 At the Industries Closing or as soon thereafter as practicable following the satisfaction of all governmental requirements, Industries shall direct the trustees of the Masco Industries, Inc. Salaried Employees' Pension Plan and the NI Industries Retirement Plan for Hourly Employees (the "Transferring Pension Plans") to transfer to the trustees, respectively, of the TriMas Corporation Salaried Employees' Pension Plan and the TriMas Corporation Hourly Employees' Pension Plan, effective as of the Effective Date (adjusted for investment earnings or loss, and for benefit payments made between the Effective Date and the date of the transfer of such assets), from each such Transferring Pension Plan, an amount of

assets whose value, relative to the value of all of the assets of each such Transferring Pension Plan, is in the same proportion as the actuarial accrued liability as of January 1, 1988 for those participants in each such Transferring Pension Plan on January 1, 1988 who become employees of TriMas or any of its subsidiaries on the date of the Industries Closing is to the actuarial accrued liability as of January 1, 1988 for all participants in each such Transferring Pension Plan on January 1, 1988. In no event shall the amounts so transferred be less than the amounts required pursuant to Section 414(1) of the Internal Revenue Code.

3.02 At the Industries Closing or as soon thereafter as practicable following the satisfaction of all governmental requirements, Industries shall direct the trustees of the Masco Industries, Inc. Future Service Profit-Sharing Trust and the NI Industries Salaried Retirement Plan and the Masco Industries, Inc. Salaried Savings Plan (the "Transferring Plans") to transfer to the trustees of the TriMas Corporation Future Service Profit-Sharing Trust, the TriMas Corporation Salaried Retirement Plan and the TriMas Corporation Salaried Savings Plan, respectively, the account balances and trust assets equal thereto, effective as of the Effective Date (adjusted for investment earnings or loss, and for benefit payments made between the Effective Date and the date of the transfer of such account balances and assets), for all participants in the

Transferring Plans (i) who become employees of TriMas or any of its subsidiaries on the date of the Industries Closing, or (ii) whose employment with any of the businesses and entities included in the TriMas Assets was terminated prior to the date of the Industries Closing but whose profit-sharing account has not been entirely distributed or forfeited as of the date of the Industries Closing.

3.03 Pursuant to Sections 1.08 and 2.01 hereof, effective as of the date of the Industries Closing or as soon thereafter as practicable, Industries shall direct the trustees of all pension and profit sharing plans of Industries and its subsidiaries, other than those set forth in Sections 3.01 and 3.02, applicable to those participants who become employees of TriMas or any of its subsidiaries on the date of the Industries Closing, to transfer to corresponding successor trustees each such plan's entire plan assets. For purposes of Sections 3.01 and 3.02 hereof, no transfer to TriMas or its plans or trusts of the assets referred to in such Sections shall be made for an employee of TriMas or any of its subsidiaries as of the date of the Industries Closing if such employee, as of the date of the Industries Closing, continues as an employee of Masco, or of Industries or any of its remaining subsidiaries.

3.04 It is the intent of the corporate parties to facilitate transfers of employment between each of them and their respective subsidiaries after the Industries Closing with no pension benefit penalty to any such transferring employee. Consequently, with respect to any employee who transfers employment after the date of the Industries Closing among Masco or any of its subsidiaries, Industries or any of its subsidiaries or TriMas or any of its subsidiaries when Masco owns at least 20% of Industries common stock and Industries or Masco owns at least 20% of TriMas Common Stock (a "Transferee"), the following conditions shall apply to such Transferee continuously from and after the date of such transfer (regardless of subsequent common stock ownership among TriMas, Masco and Industries):

(i) aggregate years of eligibility service (for vesting) with each of Masco, TriMas and Industries or any of their subsidiaries will be recognized, under the applicable provisions of any of their qualified pension or profit sharing plans which may be applicable to the Transferee for the purpose of vesting in the separate benefits which a Transferee may accrue under each of such plans;

(ii) aggregate years of service for benefit accrual with Masco, Industries and TriMas or any of their subsidiaries ("Affiliated Service") will be recognized, under

the applicable provisions of any of their defined benefit pension plans which may cover the Transferee at the time such Transferee's employment is terminated (other than by reason of transfer of employment among Masco, Industries or TriMas or any of their subsidiaries, but including termination by retirement) with Masco, Industries or TriMas or any of their subsidiaries ("Final Plan"), for the purpose of calculating credited service for the benefit payable under the Final Plan, but only if such Affiliated Service represents a period of employment during which the Transferee was covered by the terms of any of their qualified pension or profit sharing plans;

(iii) compensation with Masco, Industries and TriMas or any of their subsidiaries will be recognized, pursuant to the applicable provisions of the applicable defined benefit pension plans of any of them which define final average compensation, for the purpose of calculating final average compensation for the benefit payable under the Final Plan where a Transferee has been employed under the terms of the Final Plan for less than the applicable minimum number of years or measurement dates; and

(iv) the pension benefit so calculated as payable under the Final Plan shall be offset and reduced (but in

no case to an amount less than zero) by any pension or profit sharing benefit payable by any other qualified pension or profit sharing plans of Masco, Industries or TriMas or any of their subsidiaries, as calculated using the account balance, credited service and final average compensation accrued and paid (as the case may be) while the Transferee was in employment during which he was covered by the terms of any other such qualified pension or profit sharing plans. If the offsetting plan is a profit sharing plan, such reduction shall be equal to the actuarially equivalent pension derived from the Transferee's account balance therein, excluding Transferee contributions and earnings thereon; however, where concurrently effective pension and profit sharing plans are available as sources for such reduction, only the pension benefits from the pension plan shall be utilized hereunder for such reduction.

3.05 At no time shall anything in this Agreement require any assets in any trust maintained pursuant to the terms of any pension plan of Masco, Industries or TriMas or any of their subsidiaries to be transferred between such trusts on account of any Transferee.

3.06 After the date of the Industries Closing, any Transferee (i) shall have the compensation actually paid while

an employee of Masco, Industries or TriMas or any of their subsidiaries be the only compensation eligible as a basis for employer contributions to the defined contribution plan the terms of which cover such Transferee at the time such compensation is paid; and (ii) shall, upon the occasion of qualifying for payment of any defined benefit pension or of any vested account balance after terminating employment with Masco, Industries and TriMas and any of their subsidiaries, receive separate payment pursuant to the terms of each such defined benefit pension or profit sharing plan of Masco, Industries or TriMas or any of their subsidiaries. For purposes of any profit sharing plan, any applicable annual employer contribution exclusion shall be prorated between Masco, Industries and TriMas or any of their subsidiaries, as the case may be, in the year of the Transferee's employment transfer, unless prohibited by law.

3.07 At no time shall anything in this Agreement require any assets in any trust maintained pursuant to the terms of any profit sharing plan of Masco, Industries or TriMas or any of their subsidiaries to be transferred between such trusts on account of any Transferee.

3.08 After the date of the Industries Closing, to the extent permitted by law, any Transferee (i) shall have total uninterrupted service with Masco, TriMas and Industries or any

of their subsidiaries recognized as may be required to perfect the Transferee's eligibility under applicable welfare benefit plans as maintained by either Masco, Industries or TriMas or any of their subsidiaries when any of them, as the case may be, is considered as the new employer of the Transferee, (ii) shall have health benefit plan deductibles and other co-payment records transferred and applied in the year of transfer to the deductible or co-payment requirements of the welfare benefit plans maintained by such new employer, and (iii) shall have the aggregate benefits which had been charged to any annual and lifetime maximum benefits payable under former welfare benefit plans transferred and applied to any annual and lifetime maximum benefits payable under the welfare benefit plans maintained by such new employer.

3.09 Other than as provided hereinabove with respect to transfer of limits on annual and lifetime maximums and credits for co-payment and deductible amounts, at no time shall anything in this Agreement require any assets, funds or accounts, whether maintained pursuant to a trust, insurance or other agreement under any welfare benefit plan of Masco, Industries or TriMas or any of their subsidiaries, be transferred to any other such fund, trust or account on account of any Transferee.

3.10 On and after the date of the Industries Closing, any employee of Masco, Industries or TriMas or any of their subsidiaries who is also an employee of another of such companies and who, (i) during such period of contemporaneous employment, is an officer, shareholder or highly compensated person (as such terms are defined under Section 401 of the Internal Revenue Code and regulations issued pursuant thereto) of (x) Masco and TriMas, or (y) Masco, Industries and TriMas while Masco owns at least 20% of Industries common stock and while Masco or Industries owns at least 20% of TriMas Common Stock or (ii) during such period of contemporaneous employment, is an officer, shareholder or highly compensated person of Industries and TriMas while Industries owns at least 20% of TriMas Common Stock (an "Excluded Employee") shall, during such period of contemporaneous employment, be permitted to participate under the terms of any one company's applicable pension or profit sharing plan(s) but, in no case, participate simultaneously in any such plan sponsored by any other of the companies.

3.11 Neither Masco, Industries or TriMas nor any of their subsidiaries shall have any obligation to an Excluded Employee with respect to pension or profit sharing plan benefits lost as a result of the exclusion required in Section 3.10 above.

3.12 The provisions set forth in Sections 3.10 and 3.11 hereof contemplate requirements under Sections 401 and 415 of the Internal Revenue Code and to the extent any changed legal requirements or facts and circumstances in the future would permit participation by any Excluded Employees simultaneously in plans sponsored by Masco, Industries or TriMas or any of their subsidiaries, with no risk of loss of tax-exempt status by any such plans, the exclusion set forth in Section 3.10 above shall be of no further force and effect.

3.13 Masco, Industries and TriMas or any of their subsidiaries shall amend applicable provisions of their respective pension and profit sharing plans and welfare benefit plans to conform their substance to the intent of the agreements expressed herein.

3.14 Health, doctor, surgical, life and disability plans (collectively "Welfare Plans") and worker's compensation, auto, physical damage, product and general liability programs (collectively "Risk Programs"), whether insured or self insured, shall be maintained from the Effective Date through the date of the Industries Closing by Industries for TriMas' account, the cost of which will be reimbursed by TriMas to Industries in the post-closing reconciliation of the revenues and expenses of the transferred businesses and entities referred to in section 2.06 above, subject to any customary

year-end retroactive adjustments for actual experience. In the period between the Effective Date and the Industries Closing, revised Welfare Plans and Risk Programs as necessary will be developed for TriMas by Masco in cooperation with and subject to the approval of TriMas.

3.15 Stock awards and stock options held by Transferees shall continue to be subject to the vesting, termination, forfeiture and other provisions of the plans under which they were granted.

IV

DISTRIBUTION

4.01 Subject to the declaration of a dividend by the Masco Board of Directors, on the Distribution Date, which shall not be earlier than January 1, 1989, Masco shall distribute as a special dividend to its stockholders of record on the Record Date, one share of TriMas Common Stock for each 100 shares of Masco common stock owned of record on the Record Date. Masco shall make such arrangements as deemed appropriate for the disposition of fractional shares and small shareholdings of TriMas Common Stock resulting from the Distribution and for any required withholding for Federal income tax purposes.

REPRESENTATIONS AND WARRANTIES

5.01 TriMas represents and warrants to Masco and Industries that:

(i) It is a corporation duly organized, existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its properties and to carry on its business as now conducted;

(ii) Lake Erie Screw Corporation and Di-Rite Company, which are wholly owned subsidiaries of TriMas, are each duly organized, existing and in good standing under the laws of the State of Ohio, and each has full power and authority to own its properties and to carry on its business as now conducted;

(iii) At the date hereof, its authorized capitalization consists of 1,500,000 shares of Class A Common Stock, \$.01 par value per share (the "Class A Common Stock"), 500,000 shares of Class B Common Stock, \$.01 par value per share (the "Class B Common Stock") and 2,000,000 shares of Preferred Stock, \$.01 par value per share (the "Preferred Stock"), of which 716,145 shares of Class A Common Stock and 283,855 shares of Class B Common

stock (the "Issued Shares") are issued, outstanding and owned of record, and to its knowledge owned beneficially, as set forth on Exhibit 5.01(iii) attached hereto. To its knowledge, all of the Issued Shares are owned free and clear of all liens, encumbrances and claims, other than those to be terminated pursuant to the Recapitalization. No other shares of capital stock of TriMas are authorized, issued or outstanding. All of the Issued Shares have been validly issued and are fully paid and nonassessable. Except with respect to any rights of TriMas or its stockholders which will be cancelled in connection with the Recapitalization, as hereinafter defined, there are no options, calls, warrants or other securities or preemptive or other rights outstanding which are convertible into, exercisable for or relate to any shares of its capital stock issued or issuable by TriMas. Upon consummation of the Recapitalization, its authorized capitalization will be 100 million shares of TriMas Common Stock, \$.01 par value per share, and 5 million shares of TriMas preferred stock, \$1.00 par value per share (of which 70,000 shares will have been designated as \$100 Convertible Participating Preferred Stock); the issued and outstanding TriMas Common Stock will be owned as set forth on Exhibit 5.01(iii); and no other shares of capital stock of TriMas will be issued or outstanding. The TriMas Common Stock outstanding immediately after the

Recapitalization will be fully paid and nonassessable shares; the TriMas Common Stock and TriMas Preferred stock to be issued by TriMas hereunder, will, upon receipt by TriMas of the consideration therefor, be validly issued, fully paid and nonassessable. Upon conversion of the TriMas Preferred Stock in accordance with its terms, the TriMas Common Stock into which it has been converted will be duly authorized, validly issued, fully paid and nonassessable;

(iv) It has full power and authority to enter into this Agreement and the other agreements referred to herein as to which it is a signatory and to consummate the transactions contemplated herein and therein, and this Agreement has been duly executed and delivered by it and is its valid and binding obligation in accordance with its terms. The actions contemplated to be taken by it have been duly authorized, and all such action, when taken, will be its valid action. Neither the execution of this Agreement or the other agreements referred to herein as to which it is a signatory nor the consummation of the transactions contemplated herein or therein will constitute or cause a breach, default or violation of the charter or by-laws of, or other covenants or obligations binding upon it or affecting any of its properties, or cause a lien or other encumbrance to attach to any of its

properties, or result in the acceleration of or the right to accelerate any obligation under or the termination of or the right to terminate any license, franchise, lease, permit, approval or agreement to which it is a party or require a consent of any person to prevent such breach, default, violation, lien, encumbrance, acceleration, right or termination other than any breach, default, violation, lien, encumbrance, acceleration, right or termination which would not have a material adverse effect on the business, properties or prospects of TriMas and its subsidiaries, taken as a whole and other than the consent of the banks that are party to the Credit Agreement with TriMas, dated October 30, 1987, which will be obtained at or prior to the Industries Closing;

(v) The Subordinated Debentures upon issuance, will be its valid and binding obligation in accordance with the terms of such Subordinated Debentures; and

(vi) To its knowledge, the TriMas Historical column in the pro forma balance sheet attached as Exhibit 1.08(iv) reflects all liabilities relating to TriMas and its subsidiaries which under generally accepted accounting principles consistently applied would be required to be included in its consolidated financial statements as of the date of such balance sheet.

5.02 Industries represents and warrants to TriMas and Masco that:

(i) It and each of the Transferring Subsidiaries is a corporation duly organized, existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its properties and to carry on its business as now conducted;

(ii) It owns all of the issued and outstanding shares of capital stock of each of the Transferring Subsidiaries, free and clear of all liens, encumbrances and claims, and there are no options, warrants or other securities or preemptive or other rights outstanding which are convertible into, exercisable for or relate to any shares of the capital stock of any of the Transferring Subsidiaries.

(iii) Rieke Canada Limited, Rieke of Mexico, Inc., Rieke de Mexico, S.A. de C.V. and Rieke Leasing Co., Incorporated, all direct or indirect wholly owned (except for directors' qualifying shares) subsidiaries of Rieke (collectively the "Rieke Subsidiaries"), are corporations duly organized, existing and in good standing under the laws of Canada; Delaware; Mexico; and Delaware,

respectively, and each has full power and authority to own its properties and to carry on its business as now conducted;

(iv) Industries, Nimas, NI, the Transferring Subsidiaries and the Rieke Subsidiaries collectively have good and marketable title to the TriMas Assets, subject to applicable securities laws and liens or encumbrances relating to the TriMas Assets which TriMas will assume at the Industries Closing in accordance with the Assumption and Indemnification Agreement;

(v) At the Industries Closing there will be no restrictions upon the vesting in TriMas of good title to all of the shares of common stock of the Transferring Subsidiaries, free and clear of liens, encumbrances and other claims of any kind whatsoever, and such title shall then vest in TriMas;

(vi) It has full power and authority to enter into this Agreement and to consummate the transactions contemplated herein, and this Agreement has been duly executed and delivered by Industries and is its valid and binding obligation in accordance with its terms. The actions contemplated to be taken by it have been duly authorized, and all such action, when taken, will be its valid

action. Neither the execution of this Agreement or the other agreements referred to herein as to which it is a signatory nor the consummation of the transactions contemplated herein or therein will constitute or cause a breach, default or violation of the charter or by-laws of, or other covenants or obligations binding upon it relating to the TriMas Assets or its obligations under this Agreement or any other agreement contemplated hereby to which it is a party or affecting any of the properties included in the TriMas Assets, or cause a lien or other encumbrance to attach to any of such properties, or result in the acceleration of or the right to accelerate any obligation under or the termination of or the right to terminate any license, franchise, lease, permit, approval or agreement to which it is a party relating to the TriMas Assets or require a consent of any person to prevent such breach, default, violation, lien, encumbrance, acceleration, right or termination other than any breach, default, violation, lien, encumbrance, acceleration, right or termination which would not have a material adverse effect on the business, properties or prospects of the businesses included in the TriMas Assets, taken as a whole. TriMas and Masco understand and acknowledge that the lease agreement relating to CGC's plant in Speedway, Indiana cannot be assigned without the consent of the lessor under such lease agreement; and

(vi) To its knowledge, the Industries Businesses column of the pro forma balance sheet attached as Exhibit 1.08(iv) reflects all liabilities relating to the businesses included in the TriMas Assets which under generally accepted accounting principles consistently applied would be required to be included in the financial statements of such businesses as of the date of such balance sheet.

5.03 Masco represents and warrants to TriMas and Industries that:

(i) It is a corporation duly organized, existing and in good standing under the laws of the State of Delaware, and has full power and authority to own its properties and to carry on its business as now conducted; and

(ii) It has full power and authority to enter into this Agreement and to consummate the transactions contemplated herein, and this Agreement has been duly executed and delivered by it and is its valid and binding obligation in accordance with its terms. Except for the declaration of a dividend, the transactions contemplated herein to be taken by it have been duly authorized, and all such action (including the declaration of a dividend), when taken, will be its valid action. Neither the

execution of this Agreement or the other agreements referred to herein as to which it is a signatory nor the consummation of the transactions contemplated herein or therein will constitute or cause a breach, default or violation of its charter or by-laws.

VI

COVENANTS OF TRIMAS, INDUSTRIES, MASCO AND CAMPBELL

6.01 TriMas covenants and agrees that after the date hereof until the Industries Closing:

(i) It and its subsidiaries will each carry on its business in the usual and ordinary course, and will use its best efforts to preserve its business organization intact and conserve the goodwill and relationships of its customers, suppliers and others having business relations with it and, except as described in Section 7.02, the services of all officers, employees, agents and representatives;

(ii) It and its subsidiaries will each maintain its corporate existence and good standing in its state of incorporation and in each jurisdiction where it is qualified to do business, and TriMas will, at or prior to the Industries Closing, implement the Recapitalization Plan

attached hereto as Exhibit 6.01(ii) (the "Recapitalization");

(iii) It will not directly or indirectly, issue, redeem, retire, purchase or otherwise acquire any of its shares of capital stock, other than the implementation of the Recapitalization referred to in sub-clause (ii) above and other than the grant of options for not more than 40,000 shares of TriMas Common Stock to employees of TriMas at a per share price not less than \$30; and

(iv) It will not merge or consolidate with any other corporation, business or other entity, nor dispose of any material asset.

6.02 Industries covenants and agrees that after the date hereof until the Industries Closing:

(i) Except for (a) the declaration by each of the Transferring Subsidiaries of a dividend in an amount equal to the intercompany receivable owed by Industries to each such Transferring Subsidiary as of September 30, 1988 (as reflected in General Ledger account number 281 of each such Transferring Subsidiary), and (b) the transfer by Rieke Canada Limited of all of its assets relating to the NI truck wheel operation to another subsidiary of

Industries as described on Exhibit 6.02(i), it will cause the business of the businesses included in the TriMas Assets to be carried on in the usual and ordinary course, and will use its best efforts to preserve the organizations of such businesses intact and conserve the goodwill and relationships of their customers, suppliers and others having relations with them and the services of all of their employees, agents and representatives; and

(ii) It will not merge or consolidate any of the businesses included in the TriMas Assets with any other corporation, business or other entity, except for the transaction described on Exhibit 6.02(i).

6.03 Industries covenants and agrees that after the date hereof until the Masco Closing it will not exercise its option to acquire one-half of Masco's present equity interest in TriMas, and, concurrently with the Masco Closing, such option shall automatically terminate.

6.04 Masco and Campbell covenant and agree that they will take all action required of them in order to cause the Recapitalization to occur.

VII

CONDITIONS PRECEDENT

7.01 As a condition precedent to TriMas' and Masco's respective obligations to consummate the transactions contemplated by this Agreement, during the period from the date of the June Statement to the Industries Closing there shall not have been any adverse change in the general affairs, business, prospects, properties, financial position, results of operations or net worth of the businesses included in the TriMas Assets, that is material to the TriMas Assets taken as a whole, as a result of any casualty or disaster, accident, labor dispute, exercise of the power of eminent domain or other governmental act, or any other event or circumstance, it being understood and agreed that the failure to obtain the consent of the lessor to the assignment of CGC's lease relating to its plant at Speedway, Indiana shall be deemed not to result in any such material adverse change.

7.02 As a condition precedent to Industries' and Masco's respective obligations to consummate the transactions contemplated by this Agreement, (i) during the period from the date hereof to the Industries Closing there shall not have been any adverse change in the general affairs, business, prospects, properties, financial position, results of operations or net worth of TriMas that is material to TriMas and its

subsidiaries taken as a whole as a result of any casualty or disaster, accident, labor dispute (other than in connection with the expiration of the collective bargaining agreement, dated November 29, 1985, between Lake Erie Screw Corporation and the International Association of Machinists and Aerospace Workers, AFL-CIO, District 54 and Local Union 233), exercise of the power of eminent domain or other governmental act, or any other event or circumstance, and (ii) the banks that are party to the Credit Agreement with TriMas, dated October 30, 1987, shall have given their waiver and consent to the consummation by TriMas of the transactions contemplated herein in form satisfactory to Masco and Industries.

7.03 All of the following shall be conditions precedent to the obligations of Masco, Industries and TriMas to consummate the transactions contemplated by this Agreement:

(i) There shall not be in effect any statute, rule or regulation which makes it illegal for any party to this Agreement to consummate the transactions contemplated hereby, or any order, decree or judgment which enjoins such party from consummating the transactions contemplated hereby;

(ii) The waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired or been terminated; and

(iii) The registration of TriMas Common Stock under the Securities Exchange Act of 1934 shall be effective.

VIII

ADDITIONAL AGREEMENTS

8.01 The parties hereto agree to use their best efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable to cause the Industries Closing to be consummated on or about November 30, 1988 or as soon as is reasonably practicable thereafter. Notwithstanding the foregoing, if the Distribution is not declared by the Board of Directors of Masco by January 9, 1989, or if the Distribution is not paid on or before January 31, 1989, then this Agreement will automatically terminate. If this Agreement terminates pursuant to this Section 8.01, then the parties will each be restored to the position they would have been in if none of the transactions contemplated by this Agreement had taken place, in accordance with the terms of the letter agreement, dated the date hereof, among each of the parties hereto relating thereto and the parties shall have no

liability under this Agreement except as provided in such letter agreement.

8.02 Masco, Industries and TriMas shall each bear their respective costs incurred in connection with the transactions contemplated herein, provided that Industries shall pay all sales, transfer and documentary taxes and recording fees due and all audit and accounting fees payable as a result of such transactions. Notwithstanding the foregoing, Masco and Industries will reimburse TriMas for certain expenses in accordance with the letter agreement dated October 27, 1988 among all of such parties.

8.03 Masco, Industries, TriMas and Campbell will make, execute, acknowledge and deliver such other instruments and documents (including memoranda of the terms thereof and hereof), and take all such other actions, including obtaining such consents and approvals of, and making such filings with, governmental agencies and other regulatory authorities, as may be reasonably required or requested in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby.

8.04 It is the intent of Industries and TriMas that all businesses, properties and assets primarily used in or primarily relating to the businesses included in the TriMas Assets

and obligations, liabilities and commitments arising out of or relating to such businesses, other than liabilities specifically excluded under the Assumption and Indemnification Agreement, shall following the date of the Industries Closing become the businesses, properties, assets, obligations, liabilities and commitments of TriMas or its subsidiaries, as the case may be. Industries makes no representation or warranty as to the assignability of any contracts and commitments included as TriMas Assets under this Agreement, Industries shall have no liability arising from the inability to assign any such contract or commitment and TriMas shall have sole responsibility for the obligations under any such contract or commitment. Industries shall cooperate in attempting to effect the substitution of TriMas or one of its subsidiaries with respect to the rights and obligations of Industries. To the extent that such substitution is not made, Industries will endeavor to grant to TriMas or such subsidiary, or cause to be granted, a subcontract of such contract or commitment, but without expense or liability to Industries, on terms and conditions such that the effect will be, so far as is reasonably possible, the same as though such substitution had been made.

8.05 After the Industries Closing, TriMas shall have the right and authority to collect all accounts receivable of Industries or NI which are to be assigned or transferred to TriMas pursuant to this Agreement, and to endorse in

Industries' and NI's name any checks or other negotiable instruments payable to Industries or NI which shall be received on account of any such accounts receivable. After the Industries Closing, Industries and NI shall transfer and deliver to TriMas from time to time when and as received by Industries or NI, any cash or other property that Industries or NI may receive on or after the Industries Closing in respect to any contracts, commitments, sales or purchase orders, accounts receivable, or any other items which are assigned or transferred to TriMas pursuant to this Agreement.

8.06 After the Industries Closing, Industries and TriMas may each have in its possession or under its control books, records, contracts, instruments, data and other information (collectively "Information") which may be reasonably necessary to the other in connection with the conduct of the other's business. Accordingly, Industries and TriMas shall each provide, upon the other's request, at all reasonable times, reasonable access to (including access to persons or firms possessing Information), and duplication rights with respect to, any and all such Information as the other may reasonably request and require in the conduct of its business. In addition, Industries and TriMas and their respective subsidiaries shall each make available to the other, upon the other's request, their respective officers, Directors, employees and agents as witnesses to the extent that such persons may

reasonably be required in connection with any legal, administrative or other proceedings or inquiries in which it may from time to time be involved. The Information shall include without limitation information sought for audit, accounting, claims, litigation and tax purposes as well as for purposes of fulfilling disclosure and reporting obligations under the Federal securities laws. The party providing Information or making available witnesses shall be entitled to receive from the other party payment for its reasonable out-of-pocket expenses incurred in connection therewith (but not the labor cost thereof), but shall not be entitled to receive any other payment with respect thereto.

8.07 For a reasonable transition period not to exceed nine months after the Industries Closing, Industries shall make available to TriMas, without charge, the services of certain of Industries corporate office personnel who have heretofore been involved with the businesses included in the TriMas Assets. Such services shall be provided at the reasonable request of TriMas, and Industries shall not be required to disrupt the provision of services for its own businesses.

IX

MISCELLANEOUS

9.01 This Agreement may be modified or terminated at any time prior to the Industries Closing by the mutual consent of all of the parties hereto.

9.02 This Agreement shall be binding upon and inure to the benefit of all of the parties hereto and their respective successors and assigns, but shall not be assignable by any of the parties hereto. Nothing herein is intended to confer upon any person, other than the parties and their successors, any rights or remedies under or by reason of this Agreement.

9.03 The representations and warranties of each of the parties contained in this Agreement shall continue in full force and effect until November 6, 1989, at which time they will expire.

9.04 This Agreement, and the agreements attached as exhibits hereto, shall be governed by and construed in accordance with the laws of the State of Michigan, except to the extent provided to the contrary in any such agreement.

9.05 All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to

have been duly given (except as may otherwise be specifically provided herein to the contrary) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or mailed by certified or registered mail with postage prepaid or shipped and receipted by express courier service, charges prepaid by shipper addressed as follows (or to such other address as may be designated by notice given pursuant hereto):

(a) If to Masco to

President

Masco Corporation

21001 Van Born Road

Taylor, Michigan 48180

with a copy to

General Counsel

Masco Corporation

21001 Van Born Road

Taylor, Michigan 48180

(b) If to Industries to

President

Masco Industries, Inc.

21001 Van Born Road

Taylor, Michigan 48180

with a copy to

General Counsel

Masco Industries, Inc.

21001 Van Born Road
Taylor, Michigan 48180

(c) If to TriMas
or Campbell to

Brian P. Campbell
TriMas Corporation
315 East Eisenhower Parkway
Ann Arbor, Michigan 48108

with a copy to

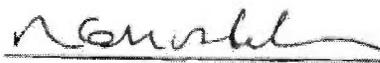
Michael B. Staebler, Esq.
Pepper, Hamilton & Scheetz
36th Floor
100 Renaissance Center
Detroit, Michigan 48243-1157

IN WITNESS WHEREOF, the parties have executed this Acquisition and Subscription Agreement as of the day and year first above written.

MASCO CORPORATION

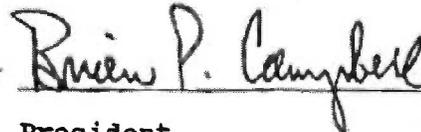
TRIMAS CORPORATION

By



Vice President

By



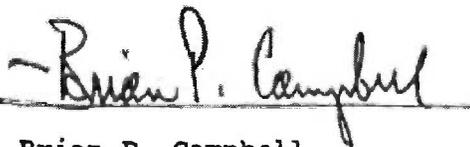
President

MASCO INDUSTRIES, INC.

By



Chairman of the Board



Brian P. Campbell

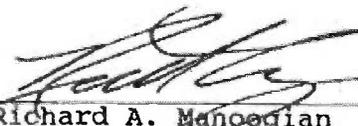
UNANIMOUS WRITTEN CONSENT OF THE BOARD
OF DIRECTORS OF NI INDUSTRIES, INC.

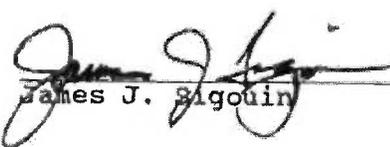
In lieu of a special meeting, the undersigned, being all of the members of the Board of Directors of NI Industries, Inc., a Delaware corporation (the "Company"), do hereby consent to and adopt the following resolutions:

RESOLVED, that it is in the best interest of the Company to sell certain of the Company's assets, as described on the Conveyance and Assignment attached hereto as Annex A, to TriMas Corporation, a Delaware corporation, in exchange for 505,313 shares of TriMas Common Stock, par value \$.01 per share, 15,159 shares of TriMas Preferred Stock, par value of \$1.00 per share and \$27,720,000 of TriMas 14% Subordinated Debentures Due 2008 and that the foregoing transaction is hereby approved in all respects; and it is further

RESOLVED, that any officer of the Company is hereby authorized and empowered to execute on behalf of the Company covenant deeds and any and all other documents related to the transaction as may be deemed necessary and proper by such officer to effectuate the transaction and the intent of the foregoing resolution.

December 27 , 1988


Richard A. Manogian


James J. Sigouin

TM 031686

EXHIBIT S

CONVEYANCE AND ASSIGNMENT

This Conveyance is made as of December 27, 1988, by Masco Industries, Inc., a Delaware corporation ("Industries"), NI Industries, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Industries ("NI"), and Nimas Corporation, a Delaware corporation and a wholly owned subsidiary of Industries ("Nimas") to TriMas Corporation, a Delaware corporation ("TriMas"), and Norris Cylinder Company, a Delaware corporation and a wholly owned subsidiary of TriMas ("Norris") pursuant to Section 2.01 of the Acquisition and Subscription Agreement dated as of November 7, 1988 among Industries, Masco Corporation, a Delaware corporation, TriMas and Brian P. Campbell (the "Acquisition Agreement").

For good and valuable consideration, receipt of which is hereby acknowledged, Industries and NI hereby grant, convey, assign and transfer to TriMas all of their right, title and interest in and to the following (the "TriMas Assets"):

(i) all businesses, properties and assets owned by Industries or NI, of every kind and description, real, personal and mixed, tangible and intangible (including goodwill and contract rights), primarily used in or primarily relating to Commonwealth Industries, Kee Services, Keo Cutters, Punchcraft Company and Reska Spline Products Co. (with the foregoing companies referred to collectively as the "Divisions") or the Transferring Subsidiaries (as hereinafter defined), but which are held by Industries or NI primarily for the benefit of the Divisions, and as the same exist on the date hereof, except that the TriMas Assets shall exclude an amount equal to receivables due the Divisions from Industries or NI at September 30, 1988;

(ii) all of the capital stock of Rieke Corporation, an Indiana corporation, Eskay Screw Corporation, a Delaware corporation, and Richards Micro-Tool, Inc., a Delaware corporation, all of which are wholly owned subsidiaries of Industries (collectively the "Transferring Subsidiaries"), and all properties and assets owned by Industries of every kind and description, real, personal and mixed, tangible and intangible (including goodwill and contract rights), but which are held by Industries for the benefit of the Transferring Subsidiaries and are primarily used in or primarily relate to the Transferring Subsidiaries, as the same exist on the date hereof;

(iii) such other assets owned by Industries or any of its subsidiaries, other than the \$20 million in cash referred to below, as are reflected in the Industries Businesses column of the pro forma condensed consolidated balance sheet of TriMas as of September 30, 1988 (the

"September Statement"), subject to changes in such other assets therein occurring in the ordinary course of business between the date of said balance sheet and the date hereof. The September Statement is attached as Annex A hereto.

(iv) \$20 million in cash from Industries, plus interest on such amount at the rate of seven (7%) percent per annum from October 1, 1988 to the date hereof.

For good and valuable consideration, receipt of which is hereby acknowledged, and at the request and direction of TriMas, Industries, NI and Nimas hereby grant, convey, assign, and transfer to Norris all of their right, title and interest in and to the following (the "CGC Assets"):

(i) all businesses, properties and assets owned by Industries or NI, of every kind and description, real, personal and mixed, tangible and intangible (including goodwill and contract rights), primarily used in or primarily relating to NI's Compressed Gas Cylinder Division ("CGC"), but which are held by Industries or NI primarily for the benefit of CGC, and as the same exist on the date hereof, except that the CGC Assets shall exclude an amount equal to the receivable due CGC from NI at September 30, 1988;

(ii) the Enid, Oklahoma plant (including the contents thereof).

The TriMas Assets and CGC Assets are transferred in "as, where is" condition, without any express or implied warranties, except that the warranties provided in the Acquisition Agreement are incorporated by reference herein.

MASCO INDUSTRIES

By [Signature]
Its President

NI INDUSTRIES, INC.

By [Signature]
Its Vice-President

NIMAS CORPORATION

By [Signature]
Its Vice-President

EXHIBIT T

MICHIGAN DEPARTMENT OF COMMERCE - CORPORATION AND SECURITIES BUREAU		
Date Received		(FOR BUREAU USE ONLY)
JUN 23 1993		FILED
		JUN 28 1993
Name		Administrator MICHIGAN DEPARTMENT OF COMMERCE Corporation & Securities Bureau
Address		
City	State	
	Zip Code	
CLAUDIA L. SAARI C T CORPORATION SYSTEM		EFFECTIVE DATE:
30600 Telegraph Road, Suite 3275		
Bingham Farms, Michigan	48025	

DOCUMENT WILL BE RETURNED TO NAME AND ADDRESS INDICATED ABOVE

AMENDED APPLICATION FOR CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS IN MICHIGAN

For use by Profit Foreign Corporations
(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), the undersigned corporation executes the following Amended Application:

1. a. The true name of the corporation as stated in its original, or last amended, Application with this State is:
Masco Industries, Inc.

b. If the true name of the corporation has changed, its new name is:
MascoTech, Inc.
and the name change was made in compliance with the laws of the jurisdiction of its incorporation.

The effective date of the name change was the 22nd day of June, 19 93

c. (Complete this item only if the new corporate name in item 1b is not available for use in Michigan)
The assumed name of the corporation to be used in all its dealings with the Bureau and in the transaction of its business or the conduct of its affairs in Michigan is:

2. The identification number assigned by the Bureau is: 6 2 3 - 2 0 5

3. It is incorporated under the laws of Delaware

4. The corporation was initially authorized to transact business in Michigan on the 17th day of April, 19 84.

5. The period of its duration (corporate term) is perpetual

6. a. The qualifying name filed when the corporation obtained the original Certificate of Authority:

b. If the qualifying name has changed, the new name is: _____

7. a. The address of the main business or headquarters office of the corporation is:
21001 Van Born Road Taylor MI 48180
(STREET ADDRESS) (CITY) (STATE) (ZIP CODE)

b. The mailing address if different than above is:

(STREET ADDRESS) (CITY) (STATE) (ZIP CODE)

8. The address of the registered office in Michigan is:
30600 Telegraph Road Bingham Farms, Michigan 48025
(STREET ADDRESS) (CITY) (ZIP CODE)

and the name of the resident agent at the registered office is:
C T Corporation System

The resident agent is an agent of the corporation upon whom process against the corporation may be served.

9. If the business the foreign corporation proposes to do in this State is to be enlarged, limited, or otherwise changed, the specific business which the corporation is to transact in Michigan is as follows:
N/A

The corporation is authorized to transact such business in the jurisdiction of its incorporation.

10. The total authorized shares of the corporation: N/A

Common Shares _____

Preferred Shares _____

The effective date of the stock change was the _____ day of _____, 19 _____

Signed this 22nd day of June, 1993

By Timothy Wadhams
(SIGNATURE)

Timothy Wadhams - Vice President
(TYPE OR PRINT NAME AND TITLE)

EXHIBIT U

AGREEMENT AND PLAN OF MERGER

dated as of

December 10, 1997

among

TRIMAS CORPORATION,

MASCOTECH, INC.

and

MASCOTECH ACQUISITION, INC.

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER dated as of December 10, 1997 among TriMas Corporation, a Delaware corporation (the "**Company**"), MascoTech, Inc., a Delaware corporation ("**Buyer**"), and MascoTech Acquisition, Inc., a Delaware corporation and a wholly owned subsidiary of Buyer ("**Merger Sub**").

WHEREAS, as of the date hereof Buyer and its subsidiaries own an aggregate of 15,191,109 of the outstanding shares of common stock, \$.01 par value per share (the "**Shares**"), of the Company;

WHEREAS, Buyer and Merger Sub wish to consummate the transactions contemplated by this Agreement pursuant to which, subject to the terms and conditions set forth in this Agreement, Merger Sub will merge with and into the Company and the Company will become a wholly owned subsidiary of Buyer;

WHEREAS, the Board of Directors of the Company (at a meeting duly called and held, and acting on the unanimous recommendation of the Oversight Committee of the Board of Directors of the Company comprised entirely of non-management independent directors (the "**Company Special Committee**")), has unanimously approved this Agreement and the transactions contemplated hereby and has unanimously determined that each of the Offer and the Merger (as defined herein) are fair to, and in the best interests of, the holders of Shares and recommended the acceptance of the Offer and approval and adoption of this Agreement by the stockholders of the Company; and

WHEREAS, the Board of Directors of Buyer (at a meeting duly called and held, and acting on the unanimous recommendation of a special committee of the Board of Directors of Buyer comprised entirely of non-management independent directors (the "**Buyer Oversight Committee**")), has unanimously approved this Agreement and the transactions contemplated hereby, including the Offer and the Merger;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

THE OFFER

SECTION 1.01. *The Offer.* (a) Provided that nothing shall have occurred that would result in a failure to satisfy any of the conditions set forth in Annex I hereto, Merger Sub shall, as promptly as practicable after the date hereof, but in no event later than five business days following the public announcement of the terms of this Agreement, commence an offer (the "Offer") to purchase any and all of the outstanding Shares at a price of \$34.50 per Share, net to the seller in cash. The Offer shall be subject to the condition that there shall be validly tendered (and not withdrawn) in accordance with the terms of the Offer, prior to the expiration date of the Offer, that number of Shares (not including Shares tendered by Buyer, its subsidiaries or its Chief Executive Officer or by Masco Corporation) which represents at least a majority of the outstanding Shares (excluding for purposes of this calculation all Shares owned by Buyer, its subsidiaries and its Chief Executive Officer or by Masco Corporation and all Shares that may not be tendered pursuant to the Offer because they are subject to restrictions under the Company Stock Plans, as defined in Section 2.05(b) herein) (the "**Minimum Condition**") and to the other conditions set forth in Annex I hereto. Notwithstanding the foregoing, Merger Sub expressly reserves the right to waive any of the conditions to the Offer and to make any change in the terms or conditions of the Offer; *provided* that without the prior written consent of the Company, Merger Sub shall not waive the Minimum Condition and shall not make any change in the Offer which changes the form of consideration to be paid or decreases the price per Share, except as provided in Section 2.07 herein, or the number of Shares sought in the Offer or which imposes conditions to the Offer in addition to those set forth in Annex I. Merger Sub shall have the right to extend the Offer (for not more than an aggregate of five business days (as defined in Rule 14d-1 under the Securities Exchange Act of 1934 (the "1934 Act"))) from time to time without the consent of the Company. In addition to the rights set forth in the two preceding sentences, if on any scheduled expiration date of the Offer all conditions to the Offer shall not have been satisfied or waived, Merger Sub shall extend the Offer from time to time until such conditions have been satisfied or waived; *provided* that Merger Sub shall have no obligation to extend the Offer beyond the date 60 days after commencement of the Offer. If on any scheduled expiration date of the Offer all conditions to the Offer (including the Minimum Condition) shall have been satisfied but the sum of (i) the number of Shares tendered (and not withdrawn) pursuant to the Offer plus (ii) the number of Shares held by Buyer, its subsidiaries and its Chief Executive Officer and by Masco Corporation that have not been tendered pursuant to the Offer represent less than 90% of the outstanding Shares, on a fully-diluted basis (excluding for this purpose any right to acquire Shares that may not be exercised within 60 days from the

applicable date), Merger Sub shall also have the right to extend the Offer from time to time without the consent of the Company (for not more than an aggregate of 10 business days) in order to permit Merger Sub to solicit the tender of additional Shares pursuant to the Offer. Subject to the foregoing and to the terms and conditions of the Offer, Merger Sub agrees to pay, as promptly as reasonably practicable after the expiration of the Offer, for all Shares properly tendered and not withdrawn pursuant to the Offer that Merger Sub is obligated to purchase.

(b) As soon as practicable on the date of commencement of the Offer, Merger Sub shall file with the Securities and Exchange Commission (the "SEC") a Rule 13E-3 Transaction Statement on Schedule 13E-3 (the "Schedule 13E-3") and a Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1") with respect to the Offer. The Schedule 13E-3 and the Schedule 14D-1, together with the related offer to purchase and the form of the related letter of transmittal, are hereinafter collectively referred to as the "Offer Documents". Merger Sub and the Company each agrees promptly to correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect. Merger Sub agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given an opportunity to review and comment on the Schedule 14D-1 and the Schedule 13E-3 prior to their being filed with the SEC.

SECTION 1.02. *Company Action.* (a) The Company hereby consents to the Offer and represents that its Board of Directors, at a meeting duly called and held and acting on the unanimous recommendation of the Company Special Committee, has (i) unanimously determined that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are fair to and in the best interest of the Company's stockholders, (ii) unanimously approved this Agreement and the transactions contemplated hereby, including the Offer and the Merger, and (iii) unanimously resolved to recommend acceptance of the Offer and approval and adoption of this Agreement and the Merger by its stockholders. The Company further represents that BT Wolfensohn has delivered to the Company Special Committee its written opinion that the consideration to be paid in the Offer and the Merger is fair to the holders of Shares (other than Buyer, its Chief Executive Officer and Masco Corporation) from a financial point of view. The Company has been advised that all of its directors and executive officers intend to tender or cause the tender of substantially all of their Shares pursuant to the Offer. The Company will promptly furnish Buyer with a list of its stockholders, mailing labels and any available listing or computer file containing the names and addresses of all record holders of Shares and lists of securities positions of Shares held in stock depositories, in each case true and correct as of

the most recent practicable date, and will provide to Buyer such additional information (including, without limitation, updated lists of stockholders, mailing labels and lists of securities positions) and such other assistance as Buyer may reasonably request in connection with the Offer. Except for such steps as are reasonably necessary to disseminate the Offer Documents and any other documents as are reasonably necessary in connection with the Offer and the other transactions contemplated by this Agreement, Buyer and Merger Sub shall hold in confidence the information contained in any of such lists, labels and files and the additional information referred to in the preceding sentence, will use such information only in connection with the Offer and the Merger and, if this Agreement is terminated, will, upon request, deliver to the Company all such written information and any copies or extracts thereof then in its possession; *provided* that it is expressly understood that this sentence shall not limit any rights that Buyer or its affiliates may have under applicable law to obtain and use a list of stockholders of the Company or any other information pertaining to the Company.

(b) As soon as practicable on the day that the Offer is commenced the Company will file with the SEC the Schedule 14D-9 and the Schedule 13E-3 which shall reflect the recommendations of the Company's Board of Directors referred to above. The Company and Buyer each agree promptly to correct any information provided by it for use in the Schedule 14D-9 and the Schedule 13E-3 if and to the extent that it shall have become false or misleading in any material respect. The Company agrees to take all steps necessary to cause the Schedule 14D-9 and the Schedule 13E-3, as the case may be, as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Buyer and its counsel shall be given an opportunity to review and comment on the Schedule 14D-9 and the Schedule 13E-3 prior to its being filed with the SEC.

SECTION 1.03. *Directors.* Effective upon the acceptance for payment by Buyer of any Shares pursuant to the Offer, Buyer shall be entitled to designate one additional director to serve on the Company's Board of Directors (which shall result in Buyer's designees representing a majority of the Company's Board of Directors). In furtherance thereof, the Company shall take all action necessary to cause Buyer's designee to be appointed to the Company's Board of Directors, including, without limitation, by increasing the number of directors and, if necessary, seeking and accepting the resignation of an incumbent director and will use its commercially reasonable best efforts to cause such director to be approved as a director of the Company by at least two-thirds of the directors of the Company. Effective upon such acceptance for payment, the Company will use its commercially reasonable best efforts to cause persons designated by Buyer to constitute a majority of (A) each committee of such Board (other than the

Company Special Committee or any committee of such Board established to take action under this Agreement), (B) each board of directors of each subsidiary of the Company and (C) each committee of each such board (in each case to the extent of the Company's ability to elect such persons). Notwithstanding the foregoing, prior to the Effective Time, the Company shall use its commercially reasonable best efforts to ensure that all of the members of the Board of Directors of the Company and such boards and committees as of the date hereof who are not employees of the Company shall remain members of the Board of Directors and such boards and committees.

ARTICLE 2 THE MERGER

SECTION 2.01. *The Merger.* (a) At the Effective Time, Merger Sub shall be merged (the "Merger") with and into the Company in accordance with the General Corporation Law of the State of Delaware (the "Delaware Law"), whereupon the separate existence of Merger Sub shall cease, and the Company shall be the surviving corporation (the "Surviving Corporation").

(b) The closing (the "Closing") of the Merger shall take place at the offices of Buyer in Taylor, Michigan as promptly as practicable after all conditions to the Merger set forth herein have been satisfied or, to the extent permitted hereunder, waived.

(c) As soon as practicable following the Closing, the Company and Merger Sub will cause a certificate of merger (the "Certificate of Merger") to be executed and filed with the Secretary of State of the State of Delaware as provided in Section 251 of the Delaware Law (or, if permitted, Section 253 of the Delaware Law) and will make all other filings or recordings required by the Delaware Law in connection with the Merger. The Merger shall become effective on the date and at the time on which the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware (or at such later time as may be agreed in writing by the parties hereto and specified in the Certificate of Merger), and such time is hereinafter referred to as the "Effective Time".

(d) From and after the Effective Time, the Surviving Corporation shall possess all the rights, assets, powers, privileges and franchises and be subject to all of the obligations, liabilities, restrictions and disabilities of the Company and Merger Sub, all as provided under the Delaware Law. Without limiting the foregoing, the Surviving Corporation hereby agrees at the Effective Time to

assume all obligations of the Company under each of the employment agreements approved by the board of directors of the Company on December 10, 1997 as previously disclosed to Buyer.

SECTION 2.02. Conversion of Shares. At the Effective Time:

(a) each Share outstanding immediately prior to the Effective Time shall, except as otherwise provided in Section 2.02(b) or as provided in Section 2.04 with respect to Shares as to which appraisal rights have been exercised, be converted into the right to receive \$34.50 in cash, without interest (the "Merger Consideration");

(b) each Share held by the Company as treasury stock or owned by Buyer or any subsidiary of Buyer immediately prior to the Effective Time shall be canceled, and no payment shall be made with respect thereto; and

(c) each share of common stock of Merger Sub outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock of the Surviving Corporation with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

SECTION 2.03. Surrender and Payment. (a) Prior to the Effective Time, Buyer shall appoint an agent (the "Exchange Agent") reasonably acceptable to the Company for the purpose of exchanging certificates representing Shares for the Merger Consideration. Buyer will make available to the Exchange Agent, as needed, the Merger Consideration to be paid in respect of the Shares. For purposes of determining the Merger Consideration to be made available, Buyer shall assume that no holders of Shares will perfect rights to appraisal of their Shares. Promptly after the Effective Time, Buyer will send, or will cause the Exchange Agent to send, to each holder of Shares at the Effective Time a letter of transmittal for use in such exchange (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the certificates representing Shares to the Exchange Agent).

(b) Each holder of Shares that have been converted into a right to receive the Merger Consideration, upon surrender to the Exchange Agent of a certificate or certificates representing such Shares, together with a properly completed letter of transmittal covering such Shares, will be entitled to receive the Merger Consideration payable in respect of such Shares. Until so surrendered, each such certificate shall, after the Effective Time, represent for all purposes, only the right to receive such Merger Consideration.

(c) If any portion of the Merger Consideration is to be paid to a person other than the registered holder of the Shares represented by the certificate or certificates surrendered in exchange therefor, it shall be a condition to such payment that the certificate or certificates so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay to the Exchange Agent any transfer or other taxes required as a result of such payment to a person other than the registered holder of such Shares or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no further registration of transfers of Shares. If, after the Effective Time, certificates representing Shares are presented to the Surviving Corporation, they shall be canceled and exchanged for the consideration provided for, and in accordance with the procedures set forth, in this Article 2.

(e) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to this Section 2.03 that remains unclaimed by the holders of Shares six months after the Effective Time shall be returned to Buyer, upon demand, and any such holders who have not exchanged their Shares for the Merger Consideration in accordance with this Section prior to that time shall thereafter look only to Buyer for payment of the Merger Consideration in respect of those Shares. Notwithstanding the foregoing, Buyer shall not be liable to any holder of Shares for any amount paid to a public official pursuant to applicable abandoned property laws. Any stockholders of the Company who have not theretofore complied with Section 2.03(b) shall thereafter look only to the Surviving Corporation for payment of any claim they may have to receive the Merger Consideration, but shall have no greater rights against the Surviving Corporation than may be accorded to general creditors of the Surviving Corporation under the Delaware Law.

(f) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to this Section 2.03 to pay for Shares for which appraisal rights have been perfected shall be returned to Buyer, upon demand.

SECTION 2.04. *Dissenting Shares.* Notwithstanding Section 2.02, Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such Shares in accordance with the Delaware Law shall not be converted into a right to receive the Merger Consideration, unless such holder fails to perfect or withdraws or otherwise loses its right to appraisal. If after the Effective Time such holder fails to perfect or withdraws or loses its right

to appraisal, such Shares shall be treated as if they had been converted as of the Effective Time into a right to receive the Merger Consideration. The Company shall give Buyer prompt notice of any demands received by the Company for appraisal of Shares, and Buyer shall have the right to participate in all negotiations and proceedings with respect to such demands. The Company shall not, except with the prior written consent of Buyer, make any payment with respect to, or settle or offer to settle, any such demands.

SECTION 2.05. *Stock Options and Restricted Stock Awards.* (a) Immediately prior to the Effective Time, each option to purchase Shares outstanding under any employee stock option or compensation plan or arrangement of the Company, whether or not exercisable, and whether or not vested, shall be canceled, and in consideration thereof, the Surviving Corporation shall pay to the holder of each such option promptly after the Effective Time an amount in cash determined by multiplying (i) the excess, if any, of the amount of the Merger Consideration over the applicable per Share exercise price of such option by (ii) the number of Shares such holder could have purchased (assuming full vesting of all options) had such holder exercised such option in full immediately prior to the Effective Time.

(b) At the Effective Time, the holder of each Share subject to an Award of Restricted Stock under the Company's 1995 Long Term Stock Incentive Plan or 1988 Restricted Stock Incentive Plan (the "**Company Stock Plans**"), or any predecessor plan thereto (such Plans and any predecessor plans being hereinafter referred to as a "**Plan**") as to which the Restricted Period has not lapsed on or prior to the Effective Time (the "**Restricted Shares**") shall be entitled to receive in exchange for each such Share and in lieu of the consideration referred to in Section 2.02, the number of Buyer Shares (rounded up to the nearest whole number of Shares that is evenly divisible by the number of dates on which restrictions on the applicable award are scheduled to lapse) (the "**Buyer Restricted Shares**") equal to the quotient obtained by dividing (i) the Merger Consideration by (ii) the average of the closing sale prices of a Buyer Share as reported on the New York Stock Exchange (the "**NYSE**") Composite Tape on each of the last twenty trading days ending on the trading day immediately preceding the date on which the Effective Time occurs. Such Buyer Restricted Shares shall be subject to all the terms and conditions, including, without limitation, the remaining Restricted Period, as were applicable to the original Restricted Shares pursuant to the applicable Award Agreement under the respective Plan. Capitalized terms used in this paragraph and not otherwise defined in this Agreement shall have the same meanings assigned to such terms in the applicable Plan.

(c) Immediately prior to the Effective Time, each "Phantom Share" subject to an Award of Phantom Shares under a Phantom Share Award Agreement with the Company as to which the Restricted Period has not lapsed on or prior to the Effective Time shall be canceled, and the Company (or one or more of its subsidiaries) shall issue in exchange for each such Phantom Share an award of phantom shares of Buyer (rounded to the nearest ten-thousandth of a share) (the "Buyer Phantom Shares") equal to the quotient obtained by dividing (i) the Merger Consideration by (ii) the average of the closing sale prices of a Buyer Share as reported on the NYSE Composite Tape on each of the last twenty trading days ending on the trading day immediately preceding the date on which the Effective Time occurs. Such Buyer Phantom Shares shall be subject to all the terms and conditions, including, without limitation, the remaining Restricted Period, as were applicable to the original Award of Phantom Shares pursuant to the applicable Phantom Share Award Agreement. Capitalized terms used in this paragraph and not otherwise defined in this Agreement shall have the same meanings assigned to such terms in the applicable Phantom Share Award Agreement.

(d) Prior to the Effective Time, each of the Company and Buyer will use its commercially reasonable best efforts to obtain such consents, if any, as may be necessary to give effect to the transactions contemplated by this Section. In addition, prior to the Effective Time, the Company will make any amendments to the terms of such stock option, restricted stock or other compensation plans or arrangements that may be necessary to give effect to the transactions contemplated by this Section to the extent permitted under applicable law and without stockholder or other third party approval. Except as set forth in Section 2.05 of the Company's Disclosure Schedule, the Company represents that neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will cause the acceleration of vesting or lapsing of restrictions with respect to any restricted stock award or phantom share award or other benefit under any restricted stock plan of the Company other than employee stock options that are being treated as provided in Section 2.05(a) above. Except as contemplated by this Section 2.05, the Company will not, after the date hereof, without the written consent of Buyer, amend any outstanding options to purchase Shares (including accelerating the vesting or exercisability of such options) or the terms of grant of any Restricted Shares (including accelerating the schedule for the lapsing of restrictions applicable thereto). Notwithstanding any other provision of this Section, any payment of money or other applicable consideration provided for herein may be withheld in respect of any stock award until necessary consents are obtained.

SECTION 2.06. *Withholding Rights.* The Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable to any

person pursuant to this Article such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign tax law. To the extent that amounts are so withheld by the Surviving Corporation, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Shares in respect of which such deduction and withholding was made by the Surviving Corporation.

SECTION 2.07. *Changes in Company Shares.* If, subsequent to the date of this Agreement but prior to the Effective Time, the Company changes the number of Shares outstanding as a result of any stock split, stock dividend, recapitalization or similar transaction, then appropriate adjustments shall be made in all amounts payable pursuant to this Agreement, including without limitation the cash consideration payable pursuant to the Offer, the Merger Consideration and any amounts or numbers of units payable pursuant to Section 2.05. In addition, if, subsequent to the date of this Agreement but prior to the Effective Time, Buyer changes the number of outstanding Buyer Shares as a result of any stock split, stock dividend, recapitalization or similar transaction, then appropriate adjustments shall be made in all amounts or numbers of units payable pursuant to Section 2.05.

ARTICLE 3

THE SURVIVING CORPORATION

SECTION 3.01. *Certificate of Incorporation.* The certificate of incorporation of the Company in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation from and after the Effective Time until amended in accordance with applicable law.

SECTION 3.02. *Bylaws.* The bylaws of Merger Sub in effect at the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with applicable law.

SECTION 3.03. *Directors and Officers.* (a) From and after the Effective Time, the board of directors of the Surviving Corporation shall consist of Eugene A. Gargaro, Jr., Richard A. Manoogian, John A. Morgan and the additional director appointed and approved as provided in Section 1.03 (or, if no such additional director shall have been appointed and approved, such other director of the Company designated by Buyer who shall have been approved as a director of the Company by at least two-thirds of the directors of the Company prior to the

Effective Time). Such directors shall serve until successors are duly elected or appointed and qualified in accordance with applicable law.

(b) From and after the Effective Time, the officers of Merger Sub shall be the officers of the Surviving Corporation. Such officers shall serve until successors are duly elected or appointed and qualified in accordance with applicable law.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Buyer that, except as disclosed in writing to Buyer in the Company's Disclosure Schedule or in the Company's SEC Filings, as defined in Section 4.07(a) below:

SECTION 4.01. *Corporate Existence and Power.* The Company (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and (ii) has all requisite corporate powers and authority to own, lease and operate its properties and to conduct its business as now being conducted, except where the failure to have such power and authority would not, individually or in the aggregate, have a reasonable probability of having a material adverse effect on the Company. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have a reasonable probability of having a material adverse effect on the Company.

SECTION 4.02. *Corporate Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and, except for any required approval by the Company's stockholders in connection with the consummation of the Merger, have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding agreement of the Company.

SECTION 4.03. *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency, official or authority other than (a) the filing of the Certificate of Merger in accordance with the

Delaware Law; (b) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"); (c) compliance with any applicable requirements of the 1934 Act; (d) compliance with any other applicable securities or takeover laws; (e) filings and approvals under laws of jurisdictions outside of the United States; and (f) compliance with any other filings, approvals or authorizations which, if not obtained, would not, individually or in the aggregate, have a reasonable probability of having a material adverse effect on the Company or materially impair the ability of the Company to consummate the transactions contemplated by this Agreement.

SECTION 4.04. *Non-Contravention.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not and will not (a) contravene or conflict with the certificate of incorporation or bylaws of the Company, (b) assuming compliance with the matters referred to in Section 4.03, and further assuming the accuracy of the representations and warranties of Buyer and Merger Sub and their performance of their covenants and agreements under this Agreement, contravene or conflict with or constitute a violation of any provision of any law, rule, regulation, judgment, injunction, order or decree binding upon or applicable to the Company or any of its subsidiaries which would, in any such case, have a reasonable probability of having a material adverse effect on the Company, (c) constitute a default under or give rise to a right of termination, cancellation or acceleration of any right or obligation of the Company or any of its subsidiaries or to a loss of any benefit to which the Company or any of its subsidiaries is entitled under any provision of any agreement or other instrument binding upon the Company or any of its subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization held by the Company or any of its subsidiaries which would, in any such case, have a reasonable probability of having a material adverse effect on the Company or (d) result in the creation or imposition of any Lien on any asset of the Company or any of its subsidiaries which would have a reasonable probability of having a material adverse effect on the Company. "Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset.

SECTION 4.05. *Capitalization.* The authorized capital stock of the Company consists of 100,000,000 Shares and 5,000,000 shares of preferred stock, \$1.00 par value per share. No shares of preferred stock are outstanding. As of November 30, 1997, there were outstanding 41,325,118 Shares (including 854,880 Shares subject to restrictions under the Company Stock Plans) and options to purchase an aggregate of 506,047 Shares at an average exercise price of \$9.03 per Share (of which 327,647 were exercisable). All outstanding shares of capital stock of the Company have been duly authorized and validly issued and

are fully paid and non-assessable. Except as set forth in this Section and except for changes since November 30, 1997 resulting from the exercise of employee stock options outstanding on such date, there are no outstanding (a) shares of capital stock or voting securities of the Company, (b) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (c) options or other rights to acquire from the Company or other obligation of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company. There are no outstanding obligations of the Company or any of its subsidiaries to repurchase, redeem or otherwise acquire any securities referred to in clauses (a), (b) or (c) above (collectively referred to as the "Company Securities").

SECTION 4.06. *Subsidiaries.* (a) Each material subsidiary of the Company (which, for purposes of this Agreement, shall mean the companies listed on Section 4.06 of the Company's Disclosure Schedule) is a corporation duly incorporated or an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, as the case may be, has all powers and authority to own, lease and operate its properties and to conduct its business as now being conducted, except where the failure to be so incorporated or organized, existing and in good standing or to have such power and authority would not individually or in the aggregate, have a reasonable probability of having a material adverse effect on the Company. Each subsidiary of the Company is duly qualified to do business and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified and in good standing would not, individually or in the aggregate, have a reasonable probability of having a material adverse effect on the Company.

(b) All of the outstanding capital stock of, or other voting securities or ownership interests in, each material subsidiary of the Company is owned by the Company, directly or indirectly, free and clear of any Lien and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other voting securities or ownership interests), other than any restrictions imposed under the Securities Act of 1933 (the "1933 Act") or applicable state law. Except as set forth in this Section or in Section 4.06 of the Company's Disclosure Schedule and except for qualifying shares, there are no outstanding (i) shares of capital stock or other voting securities or ownership interests in any of the Company's material subsidiaries owned by Persons other than the Company or its wholly owned subsidiaries, (ii) securities of the Company or any of its subsidiaries convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any of the Company's material subsidiaries or (iii) options or other