

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
Zurn Industries, Inc.	10/15/1996
RECEIVING PARTY DATA	
Name:	American Enterprises MPT L.P.
Street Address:	9211 Forest Hill Avenue
Internal Address:	Suite 109
City:	Richmond
State/Country:	VIRGINIA
Postal Code:	22235
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	5158164
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ATTORNEY DOCKET NUMBER:	065175-0226
NAME OF SUBMITTER:	William F. Kolakowski III

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Total Attachments: 41
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AGREEMENT FOR THE PURCHASE AND SALE OF ASSETS

MADE AS of the 15th day of October, 1996, by and between

American Enterprises MPT, L. P. ("AEMPT"), a Delaware limited partnership having its principal offices at 9211 Forest Hill Avenue, Suite 109, Richmond, Virginia 22235, and

Zurn Industries, Inc. ("Zurn"), a Pennsylvania corporation having its principal offices at One Zurn Place, Erie, PA 16505.

WHEREAS, AEMPT desires to acquire from Zurn the assets of the Mechanical Power Transmission Group of Zurn ("MPTG"), on the terms and subject to the conditions of this Agreement; and

WHEREAS, Zurn desires to sell to AEMPT, on the terms and subject to the conditions of this Agreement, the assets of MPTG,

NOW, THEREFORE, for and in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, and intending to be legally bound, it is agreed as follows:

ARTICLE I -- DEFINITIONS

The following capitalized words and phrases have the stated meanings:

"Accounts Receivable" has the meaning set forth in Section 2.3(b).

"Agreement" means this Agreement by and between AEMPT and Zurn entered into as of the date first written above.

"Assets" means assets of every kind, including, real and personal property.

"Assumed Liabilities" means the liabilities to be assumed by AEMPT as are listed in Section 2.4.

"Claims" means all demands, claims, actions, assessments, losses, damages, liabilities, costs and expenses.

"Code" means the Internal Revenue Code of 1986, as amended, and all related regulations.

"CPA" means Ernst & Young, LLP.

"Closing Date" means December 15, 1996, or such earlier date on which the parties may agree.

"Closing Balance Sheet" means the unaudited balance sheet of MPTG to be dated as of the Closing Date and attached hereto as a supplement to Exhibit 2.2.

"Defined Benefit Plan" means a Plan that is or was a "defined benefit plan" as such term is defined in Section 3(35) of ERISA.

"Disclosure Schedule" means Exhibit 4.

"DOL" means the Department of Labor or its successors.

"Eligible Current Employees" means persons who are (i) employed by one of the constituent businesses of MPTG as of the Closing Date and (ii) upon retirement entitled to receive post-retirement medical and dental benefits under a collective bargaining agreement with Zurn. All Eligible Current Employees are set forth in the Disclosure Schedule (Exhibit 4).

"Eligible Retirees" means persons who are (i) retired from employment at one of the constituent businesses of MPTG as of the Closing Date and (ii) entitled to receive post-retirement medical and dental benefits under a collective bargaining agreement with Zurn.

"Encumbrance" means any mortgage, lien, pledge, encumbrance or security interest.

"Environmental Laws" means any applicable foreign, federal, state and local laws, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act, regulations, resolutions, orders, determinations, writs, injunctions, common law rulings, judgments and decrees, or guidelines promulgated pursuant to the foregoing, now in effect relating to the generation, production, installation, use, storage, treatment, transportation, release, threatened release, or disposal of Hazardous Materials, noise control, or the protection of human health, safety, natural resources, animal health or welfare, or the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and all related regulations.

"Estimated Balance Sheet" means the unaudited, estimated balance sheet of MPTG dated as of June 30, 1996, attached hereto as Exhibit 2.2.

"Fiscal Year End Date" means the date on which the most recently completed fiscal year of an entity ended.

"Hart-Scott-Rodino" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and all related regulations.

"Hazardous Materials" means any wastes, substances, radiation, or materials (i) which are hazardous, toxic, infectious, explosive, radioactive, carcinogenic, or mutagenic; (ii) which are defined as "pollutants," "contaminants," "hazardous materials," "hazardous wastes," "hazardous substances," "toxic substances," "radioactive materials," "solid wastes," or other similar designations in, or otherwise subject to regulation under, any Environmental Laws; (iii) the presence of which on the Real Property causes or threatens to cause a nuisance pursuant to applicable statutory or common law upon the Real Property or to adjacent properties; (iv) which contain polychlorinated biphenyls (PCBs), asbestos, lead-based paints, urea-formaldehyde foam insulation, and petroleum or petroleum products; or (v) which pose a hazard to human health, safety, natural resources, industrial hygiene, or the environment, or an impediment to working conditions.

"Included Inventory" means raw materials, finished goods inventory, purchased goods inventory, supplies inventory, and work-in-process inventory used by MPTG as of the Closing Date.

"Includes" (or "including") means includes without limitation (or including without limitation).

"ISRA" means the New Jersey Industrial Site Recovery Act, as amended, and all laws and guidance documents promulgated pursuant thereto or in connection therewith.

"MDD West" means the real property used for the business of MPTG located on the west side of Pittsburgh Avenue, Erie, Pennsylvania.

"Net Fixed Assets" has the meaning set forth in Section 2.3(c).

"NJDEP" means the New Jersey Department of Environmental Protection or its successor.

"Ordinary Course of Business" means ordinary course of business consistent with past practices and prudent business operations.

"Other Current Assets" has the meaning set forth in Section 2.3(d)(i).

"Other Arrangement" means a benefit program or practice providing for bonuses, incentive compensation, vacation pay, severance pay, insurance, restricted stock, stock

options, employee discounts, company cars, tuition reimbursement or any other perquisite or benefit (including, without limitation, any fringe benefit under Section 132 of the Code) to employees, officers or independent contractors that is not a Plan.

"Other Assets" has the meaning set forth in Section 2.3(d)(iii).

"Permitted Encumbrances" means utility rights, easements, and rights of way that do not materially affect the ability of MPTG to operate in the Ordinary Course of Business.

"Plan" means any plan, program or arrangement, whether or not written, that is or was an "employee benefit plan" as such term is defined in Section 3(3) of ERISA and (a) which was or is established or maintained by Zurn that benefits any employee of MPTG; (b) to which Zurn contributed or was obligated to contribute or to fund or provide benefits and that benefits any employee of MPTG; or (c) which provides or promises benefits to any person who performs or who has performed services for MPTG and because of those services is or has been (i) a participant therein or (ii) entitled to benefits thereunder.

"Purchased Assets" means Accounts Receivable, Included Inventory, Other Current Assets, Net Fixed Assets, and Other Assets. Cash is not included in Purchased Assets.

"Purchase Price" means the sum of [REDACTED]

"Real Property" means the real property currently or hereafter owned, operated, or used by Zurn for the business of MPTG (but not including the real property used for the business of MPTG located on the east side of Pittsburgh Avenue, Erie, Pennsylvania (the "Hydromechanics Property")), and, for purposes of Sections 2.4 and 4.9, any real property currently or formerly owned or operated in connection with the business of MPTG.

"Release" means any emission, spill, seepage, leak, release, threatened release, escape, leaching, discharge, injection, pumping, pouring, emptying, dumping or disposal of Hazardous Materials from any source into or upon the environment, including the air, soil, improvements, surface water, groundwater, sewer, septic system, storm drain, publicly owned treatment works, or waste treatment, storage, or disposal systems.

"Survey" means a current, as-built survey of each parcel of the Real Property.

"Taxes" means all federal, state, local and foreign taxes and installments of estimated taxes, assessments, deficiencies, withholdings, or other similar charges of every kind imposed by any governmental or quasi-governmental authorities, and any interest or penalties thereon.

"Welfare Plan" means an "employee welfare benefit plan" as such term is defined in Section 3(1) of ERISA.

"Zurn Tax Returns" means all federal, state, local, foreign and other applicable tax returns or declarations, of estimated tax reports required to be filed by Zurn.

"\$" means US dollars.

ARTICLE II -- PURCHASE AND SALE OF ASSETS

Section 2.1 Sale and Transfer of Purchased Assets.

(a) On the Closing Date, Zurn shall sell, convey, assign, transfer, and deliver the Purchased Assets to AEMPT, and AEMPT shall pay Zurn the Purchase Price and assume the Assumed Liabilities. All payments shall be made by wire transfer of immediately available federal funds.

(b) Closing shall take place at a site to be determined by mutual agreement.

(c) Time is of the essence in respect of a closing occurring on or before the Closing Date. If closing does not occur by the Closing Date, each party reserves the right to terminate the Agreement.

Section 2.2. Post-Closing Adjustment. The Estimated Balance Sheet set forth as Exhibit 2.2 shall be supplemented by a Closing Balance Sheet within 60 days following the Closing Date reflecting actual amounts at Closing. Any increase or decrease in the total net worth of MPTG reflected in a comparison of the Estimated Balance Sheet to the Closing Balance Sheet will be matched by a post-closing increase or decrease in the Purchase Price, and the party owing any amounts shall promptly pay such amounts to the other, provided, however, that there shall be no adjustment to the Purchase Price, and no amount will be owing, for slow-moving, obsolete, or excess inventory. The Closing Balance Sheet shall be prepared by Zurn based on data to be provided by AEMPT in accordance with the Estimated Balance Sheet and shall reflect appropriate values for all Purchased Assets and Assumed Liabilities in accordance with generally accepted accounting principles (which to the extent applied on the Estimated Balance Sheet shall be consistently applied) and this Agreement. The parties shall attempt to resolve disputes concerning the Closing Balance Sheet on an amicable basis within 30 days of the submission of the Closing Balance Sheet to AEMPT. Items that are not resolved by the parties shall be resolved by the CPA. The decision of the CPA shall be rendered within 60 days of submission to it (thereby resulting in an extension of the date on which any adjustment may be owed). The CPA's decision shall be final and binding.

In addition to the foregoing, there shall be a further post-closing adjustment as set forth in Section 3.9(c).

Section 2.3. Sale and Transfer of Assets. At the Closing, Zurn will sell, convey, assign, transfer and deliver to the Purchaser certain of the assets of Zurn, as follows:

(a) Included Inventory. Exhibit 2.3(a) is a compilation of schedules listing Included Inventory as set forth in the Estimated Balance Sheet. These schedules shall be updated to reflect the Closing Balance Sheet and the updated schedules shall be made a part of Exhibit 2.3(a).

(b) Accounts Receivable.

(i) Exhibit 2.3(b)(i) is a list of Accounts Receivable as set forth in the Estimated Balance Sheet. The Accounts Receivable shall be updated to reflect the Closing Balance Sheet and the updated schedules shall be made a part of Exhibit 2.3(b)(i). The inter-company receivables are retained by Zurn.

(ii) On the Closing Date, Zurn shall deliver to AEMPT a "Notice of Change of Ownership of Accounts Receivable" in the form of Exhibit 2.3(b)(ii), for later delivery by AEMPT to account debtors, and transfer all MPTG lock-boxes to AEMPT.

(iii) Zurn shall pay to AEMPT the amount of any remittances for Accounts Receivable that for any reason are received by Zurn following the Closing Date. Payment by Zurn (along with remittance details) shall be made to AEMPT within five (5) business days of receipt by Zurn of said remittance.

(c) Net Fixed Assets. Exhibit 2.3(c) is a list of the Real Property, machinery, equipment, patterns, dies, and molds, and other assets that constitute Net Fixed Assets as set forth in the Estimated Balance Sheet. The Net Fixed Assets shall be updated to reflect the Closing Balance Sheet and the updated list shall be made a part of Exhibit 2.3(c).

(d) Other Current Assets and Other Assets.

(i) Exhibit 2.3(d)(i) is a schedule of other assets that constitute Other Current Assets as set forth in the Estimated Balance Sheet. The Other Current Assets shall be updated to reflect the Closing Balance Sheet and the updated schedule shall be made a part of Exhibit 2.3(d)(i).

(ii) Exhibit 2.3(d)(ii) is a schedule of other assets that constitute Other Assets as set forth in the Estimated Balance Sheet. The Other Assets consist of all assets used in the business of MPTG not specifically described above and shall be updated to reflect the Closing Balance Sheet. The updated schedule shall be made a part of Exhibit 2.3(d)(ii).

- (iii) The Other Assets include:
 - (A) Patents, copyrights and trademarks, and all other items of intellectual property, including trade names, service marks, and applications for any of the foregoing, used in respect of the business of MPTG (subject to the provisions of Section 2.6).
 - (B) Existing unshipped customer orders, sales quotes, and purchase orders.
 - (C) Manufacturer representative agreements.
 - (D) MPTG's customer lists, supplier lists, drawings, and customer mailing lists, and all other books and records of MPTG (except tax returns and stock books and records).
 - (E) Licenses, permits and all contracts and agreements used in the business of MPTG.

Section 2.4. Assumption of Liabilities.

(a) Exhibit 2.4(a) is a list of liabilities that constitute Assumed Liabilities as set forth in the Estimated Balance Sheet. The list shall be updated consistent with this Section to reflect the Closing Balance Sheet and the updated list shall be made a part of Exhibit 2.4(a). As of the Closing Date, AEMPT shall:

- (1) assume liability for the accounts payable (other than inter-company payables), accrued payroll (including vacation and sick-leave obligations), accrued expenses, long-term debt, and capital-lease obligations listed in Exhibit 2.4(a), and for such payables, payroll, expenses, and debt as may be incurred from the date of the Estimated Balance Sheet through the Closing Date in the Ordinary Course of Business;
- (2) assume the liabilities related to open customer orders, outstanding sales quotations, and open purchase orders for types and quantities of materials used in the normal course of business as forth in Exhibit 2.4(a), and as may be incurred from the date of the Estimated Balance Sheet through the Closing Date in the Ordinary Course of Business;
- (3) assume liability for warranty claims;

- (4) assume liability for aircraft claims, whether arising from occurrences before or after the Closing Date, and for all other product liability claims arising from products sold after the Closing Date;
- (5) as further described in Section 3.9, continue the employment of existing non-union (active) employees of MPTG initially at wages substantially equal to those currently being paid as set forth in Exhibit 2.4(a)(5);
- (6) honor the terms of existing union agreements (including without limitation liability for post-retirement medical and dental benefits for Eligible Current Employees but not for Eligible Retirees) and cooperate with Zurn in the bifurcation of the agreement currently governing the Hydromechanics and Mechanical Drives Divisions of Zurn;
- (7) as further described in Section 3.9, provide continuing employees with years-of-service credit for their years of employment with MPTG or any affiliate thereof, toward vesting requirements under the retirement and health-benefit plan of AEMPT in which they become eligible to participate as a result of the transaction contemplated by this Agreement;
- (8) assume responsibility for retention or termination of MPTG manufacturers' representatives;
- (9) have liability for Releases of Hazardous Materials at the Real Property, other than the Hydromechanics Property, initiated after the Closing Date, with the burden of proof as to the date of the Release to be borne by Zurn;
- (10) have liability for Releases of Hazardous Materials initiated after the Closing Date at the Hydromechanics Property, which arise out of the acts or omissions of AEMPT, with the burden of proof as to the date and cause of the Release to be borne by Zurn;
- (11) have liability for Releases which arise out of the off-site transportation, treatment, or disposal of Hazardous Materials originating on or from the business or assets of AEMPT, with the burden of proof to be borne by Zurn;
- (12) have liability for violation of laws, including but not limited to violations of Environmental Laws, to the extent occurring after the Closing Date;

(13) assume other liabilities arising from operations after the Closing Date; and.

(14) assume state subsidized debt financing.

(b) It is specifically agreed that Zurn retains liability for all liabilities not specifically assumed by AEMPT, including:

(1) product liability claims arising from products sold on or before the Closing Date (except aircraft claims);

(2) any and all costs or expense arising out of or related to MPTG's employee benefit plans incurred or accruing on or before the Closing Date (including without limitation liability for post-retirement medical and dental benefits for Eligible Retirees but not for Eligible Current Employees and COBRA benefits for persons who became former employees of MPTG prior to the Closing Date), except accrued vacation and holiday pay to the extent set forth on the Estimated Balance Sheet and as incurred in the Ordinary Course of Business prior to the Closing Date, including benefits payable and any retroactive or retrospective charges or premiums due for such plans;

(3) any claim relating to compliance by Zurn with the applicable provisions of ERISA, the Code, and other applicable law;

(4) any liabilities of any nature not disclosed, reserved for or set forth on the Closing Balance Sheet;

(5) liability for Releases of Hazardous Materials at the Real Property initiated prior to the Closing Date, with burden of proof as to the date of the Release to be borne by Zurn;

(6) liability for Releases of Hazardous Materials at the Hydromechanics Property initiated after the Closing Date, which do not arise out of the acts or omissions of AEMPT, with the burden of proof as to the date and cause of the Release to be borne by Zurn;

(7) liability for Releases which arise out of the off-site transportation, treatment or disposal of Hazardous Materials originating on or from the business or assets of Zurn, with the burden of proof to be borne by Zurn;

- (8) liability for violations of laws, including but not limited to violations of Environmental Laws, to the extent occurring prior to the Closing Date.

Section 2.5. Taxes; Bulk-Transfer Compliance; Other Prorations.

(a) Zurn and AEMPT shall share equally sales and use taxes, if any, arising out of the transfer of the Purchased Assets. Each shall pay its portion, prorated as of the Closing Date, of state and local personal property taxes, real property taxes, and business licenses attributable to the Purchased Assets. AEMPT shall not be responsible for any business, occupation, withholding, or similar tax, or any taxes of any kind related to any period before the Closing Date. Zurn shall defend, indemnify, and hold AEMPT harmless from and against claims arising from Zurn's failure to comply with requirements of state laws regarding bulk transfers, without limitation as to amounts, time or scope.

(b) At the closing the following other items shall also be prorated as of the Closing Date, and the Purchase Price shall be adjusted to reflect such prorations: (i) charges for public utilities servicing the Real Property and the Hydromechanics Property; (ii) payments under service and similar contracts affecting the Real Property and the Hydromechanics Property, including, without limitation, maintenance contracts, parking concession agreements, and garbage removal contracts; (iii) all charges under the various easement and similar agreements affecting the Real Property and the Hydromechanics Property; (iv) insurance premiums on insurance transferred from Zurn to AEMPT at the Closing, if any; and (v) all other charges and fees customarily prorated and adjusted in similar transactions.

In the event that accurate prorations and other adjustments cannot be made at the Closing because current bills are not obtainable (as, for example, in the case of utility bills), the parties shall prorate on the best available information, subject to adjustment upon receipt of the final bill. Zurn shall use its best efforts to have all utility meters read on the Closing Date so as to determine accurately its share of current utility bills.

Section 2.6. Use of Zurn Name.

No interest in or right to use the name "Zurn", either alone or in combination with any other term, or any derivation of that name or any logo, trademark or tradename owned by Zurn containing the name "Zurn" (collectively, the "Retained Names") is being transferred to AEMPT pursuant to the transactions contemplated hereby, and AEMPT recognizes Zurn's exclusive proprietary rights to the continued use of the Retained Names. Subject to the grace periods referred to below, as soon as legally practicable after the Closing Date, AEMPT shall remove or obliterate all of the Retained Names from its signs, forms, purchase orders, invoices, tables, letterheads, shipping documents, products, packaging and other material, and AEMPT shall not put into use after the Closing Date (subject to the grace period set forth below) any such material not in existence on the

Closing Date that bears any Retained Names. Notwithstanding the foregoing, AEMPT shall be entitled, for the period ending December 31, 1997, to use any signs, packaging, products, forms, purchase orders, invoices, labels or letterheads existing on the Closing Date that bear any Retained Names, or to otherwise use the Retained Names on an exclusive basis in the conduct of the business of MPTG and in the sale of the products produced thereby (it being understood that nothing herein shall affect Zurn's exclusive right to the use of the name "Zurn" in all other lines of its business). AEMPT agrees that Zurn shall not have any responsibility for claims by third parties arising out of or relating to the use by AEMPT of any Retained Names after the Closing Date and agrees to defend, indemnify, and hold harmless Zurn from any and all claims that may arise out of the unauthorized use thereof by AEMPT. It is further agreed that AEMPT has no responsibility to amend any documents representing transactions completed prior to the Closing Date which include any Retained Names.

ARTICLE III - ADDITIONAL UNDERTAKINGS AND COVENANTS

AEMPT on the one hand, and Zurn on the other hand, hereby covenant and agree with each other as follows:

Section 3.1. Consents and Approvals.

(a) Zurn and AEMPT shall take all measures reasonably necessary or advisable to secure such consents, authorizations and approvals of governmental authorities and of private persons with respect to the transactions contemplated by this Agreement, and to the performance of all other obligations of such parties hereunder, as may be required by any applicable law or regulation or by any agreement of any kind to which AEMPT or Zurn is a party or by which AEMPT or Zurn is bound, including but not limited to the consent of Ringspann GmbH to the assignment of its agreements with MPTG.

(b) AEMPT and Zurn shall (i) cooperate in the filing of all forms, notifications, reports and information, if any, required or reasonably deemed advisable pursuant to applicable law or regulation in connection with the transactions contemplated by this Agreement and (ii) use their respective good faith efforts to cause any applicable waiting periods thereunder to expire and any objections to the transactions contemplated hereby to be withdrawn before the closing.

(c) In addition to the obligations set forth in Section 3.1(b), as promptly as practicable, and in any event no later than 10 days following the execution of this Agreement, Zurn and AEMPT shall complete any filing that may be required pursuant to Hart-Scott-Rodino, or shall mutually agree that no such filing is required. Zurn and AEMPT shall diligently take (or fully cooperate in the taking of) all actions, and provide any

additional information, required or reasonably requested in order to comply with the requirements of Hart-Scott-Rodino.

Section 3.2 Access: Investigations by AEMPT

(a) Zurn shall through the Closing Date provide AEMPT and its representatives full access to the offices, books, agreements, records, officers, employees, consultants and contractors of MPTG and will furnish such financial and operating data and other information with respect to the business and Assets of MPTG as AEMPT may request. AEMPT agrees at all times through the Closing Date to use reasonable efforts, at least as stringent as those employed by it with respect to its own confidential information, to keep confidential all information identified by Zurn as being of a confidential nature and not to disclose such confidential information to any third party (other than to AEMPT's counsel, accountants and other consultants in connection with the transactions contemplated hereby). In the event this Agreement is terminated, AEMPT will return to Zurn all documents, workpapers and other materials furnished to AEMPT relating to the transactions contemplated hereunder. In the event of a breach or threatened breach by AEMPT of the provisions of this Section, Zurn shall be entitled to an injunction restraining AEMPT from disclosing, in whole or in part, such information, as its exclusive remedy.

(b) AEMPT's investigation of the financial and operating data, Assets, Real Property, and Hydromechanics Property, and other information with respect to the business and Assets of MPTG shall in no way affect the obligations of Zurn with respect to the agreements, representations, warranties, covenants and indemnification provisions set forth in this Agreement.

Section 3.3 Operation of Business of MPTG

(a) Zurn shall, through the Closing Date: (i) preserve the business of MPTG and its present relationships with customers, suppliers, employees and any other persons having business relations with MPTG; (ii) maintain all of the Assets of MPTG in good repair, working order and condition; (iii) keep current and maintain in full force and effect all insurance coverage on the Assets.

(b) Except as contemplated by this Agreement or as reasonably required to carry out its obligations hereunder, Zurn shall, through the Closing Date, conduct the MPTG business only in the Ordinary Course of Business and shall not: (i) enter into any Agreement which is reasonably likely to have a materially adverse effect on the business and operations of MPTG; (ii) place, or allow to be placed, an Encumbrance on any of the MPTG Assets (other than in the Ordinary Course of Business); (iii) cancel any indebtedness owing to MPTG or any Claims which MPTG may possess (other than in the Ordinary Course of Business), or waive any rights of substantial value; (iv) sell or otherwise

dispose of any interest in any Asset of MPTG (other than in the Ordinary Course of Business); (v) commit any act or omit to do any act, or engage in any activity or transaction or incur any obligation which (individually or in the aggregate) reasonably could be expected to have a material adverse effect on the business or Assets of MPTG.

(c) Zurn shall notify AEMPT promptly of any material adverse change in the business, operations, prospects, condition (financial or otherwise), Assets or liabilities of MPTG.

(d) Zurn will pay or retain the obligation to pay all Taxes payable for or with respect to the period up to and including the Closing Date (without regard to whether or not such Taxes are disputed or are due and payable on or before the Closing Date).

Section 3.4 No Inconsistent Negotiations. Zurn shall not permit or authorize any director, officer, employee or other agent of Zurn directly or indirectly, to:

(a) take any action to solicit, initiate or encourage the submission of a Proposal to acquire the business of MPTG (a "Proposal"); or

(b) participate in any negotiations regarding, or furnish to any other person, entity or group any non-public information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate, or encourage, any effort or attempt by any other person, entity or group to do or seek any of the foregoing.

In addition, Zurn shall use its best efforts to cause Alex. Brown & Sons Incorporated and any other financial adviser engaged by Zurn for any purpose within the past 12 months to refrain from taking any of the actions referred to in clause (a) or (b) of the immediately preceding sentence. Zurn shall immediately cease and cause to be terminated any existing discussions or negotiations with any parties (other than AEMPT) conducted heretofore with respect to any of the foregoing. Zurn shall notify AEMPT promptly if any Proposal, or any inquiry or contact with any person with respect thereto, is made and shall, in any such notice to AEMPT, indicate in reasonable detail the identity of the offeror and the terms and conditions of the Proposal, including the proposed financing for such Proposal. Zurn shall respond to any such Proposal only to the extent required by fiduciary obligations under law, as advised by counsel in writing.

Section 3.5 Covenant Not to Compete. Zurn will not for a period of three years after the Closing Date directly participate in the ownership, management or operation of any business entity engaged in the business of manufacturing mechanical power transmission components or engage in or conduct any business which directly competes with, restricts or interferes with the business of MPTG. It is recognized that damages in the event of breach of this Section 3.5 would be difficult if not impossible to ascertain, and therefore it is recognized that AEMPT shall have the right to an injunction or other equitable relief in

any court of competent jurisdiction enforcing any such breach. The existence of this right shall not preclude any other rights and remedies at law or in equity which AEMPT may have. Ownership of not more than 5% of the outstanding stock of any publicly-traded company and any pension plan investments shall not be a violation of this Section. Acquisition by Zurn of a company which has less than 10% of its average annual revenues for the preceding two years in the same business in which MPTG engages on the date hereof (that portion of such acquired business referred to as a "Competing Business") shall not constitute a breach of this covenant not to compete; provided, however, that AEMPT shall have the right (but not the obligation) to purchase any such Competing Business from Zurn at any time within three months after the acquisition of such Competing Business by Zurn and prior to January 1, 2000, at a price equal to the costs incurred by Zurn for the acquisition and reconveyance of such Competing Business (based on Zurn's method of determining such purchase price allocation) payable in cash at such closing, and otherwise on such other terms and conditions to which Zurn agreed in making such purchase.

Section 3.6 Subsequent Events. Zurn shall notify AEMPT promptly in writing of the occurrence of any event, or the failure of any event to occur, prior to the closing that results in an omission from, or breach of, any of the covenants, representations or warranties made by or on behalf of Zurn in this Agreement, the Disclosure Schedule or any other document furnished in connection with or pursuant to this Agreement, but such notification shall not excuse breaches of representations, warranties, covenants or agreements disclosed in such notification.

Section 3.7 Environmental Compliance

(a) Prior to Closing, Zurn shall have complied with all applicable requirements of ISRA and shall have received evidence of such compliance from the New Jersey Department of Environmental Protection, with respect to the Real Property located in New Jersey and in form and substance fully satisfactory to AEMPT. Zurn shall be responsible for making all notifications required by ISRA and shall provide to AEMPT copies of all submissions to NJDEP by Zurn and all correspondence from NJDEP to Zurn. Zurn shall conduct at its sole expense any remediation, cleanup, investigation, monitoring, sampling or analysis required under ISRA ("ISRA Remediation"). Any ISRA Remediation need not be completed prior to closing so long as Zurn has complied with its obligations under the first sentence of this paragraph. In the event any ISRA Remediation is not completed prior to closing, AEMPT shall, following closing, have the right, but not the obligation, to conduct any ISRA Remediation or any portion thereof in place of Zurn utilizing competent professionals to perform such work. Zurn shall reimburse AEMPT for all costs, expenses, or other liabilities incurred by AEMPT in connection with such activities, including any costs, expenses or liabilities associated with the off-site disposal or treatment of any excavated materials. Such reimbursement shall be made within 30 days of receipt of documentation of such costs from AEMPT. In no event shall Zurn be

liable under this paragraph for any costs arising solely out of the gross negligence of AEMPT or its agents in performing an ISRA Remediation.

(b) Zurn shall engage at its sole cost and expense Environmental Strategies Corp. ("ESC") to conduct environmental site assessments of the Real Property, which assessments shall at a minimum conform to ASTM standards and include an assessment (without physical testing) of the presence of asbestos-containing materials, radon, and lead-based paint at the Real Property and of wetlands at MDD West ("Environmental Assessments"). Zurn shall enter into an agreement with ESC that expressly provides that the Environmental Assessments are being prepared for both Zurn and AEMPT and that AEMPT has the right to rely upon the findings of the Environmental Assessments. Zurn shall require ESC to submit as attachments to the Environmental Assessments all material produced by ESC in the course of conducting the Environmental Assessments, including, but not limited to field notes and any of ESC's completed checklists, but not including ESC's internal drafts of the Environmental Assessments. With the exception of any drafts provided to AEMPT, ESC's initial findings or tentative conclusions, including any internal drafts of the Environmental Assessments, shall not be submitted by ESC to Zurn for review, comment, or evaluation, or for any other purposes. If any Environmental Assessment recommends any testing, including testing of soil, groundwater, surface water, or air quality at, in, or beneath or about the Real Property in order to further assess environmental conditions at the Real Property or the costs of remediating such conditions, or for any other reason, or if AEMPT requests any such testing based on the Environmental Assessments or other information provided by Zurn, Zurn shall have the unilateral right in its sole discretion to refuse to authorize such testing. Zurn's obligations under this subsection apply to environmental site assessments commenced prior to the execution of this Agreement. Zurn shall exercise this right, if at all, within two (2) business days of receiving ESC's recommendation. In the event that Zurn exercises its right of refusal, AEMPT shall have the unilateral right, in its sole discretion, to terminate its obligations under this Agreement without penalty. AEMPT agrees to keep and hold confidential any and all reports, summaries, studies, or results that are the product of the Environmental Assessments, and not to disclose such reports without the written consent of Zurn or unless required to do so by applicable law.

(c) Subject to the provisions of this subsection, Zurn hereby grants to AEMPT a license to enter and inspect the Real Property, such inspection to be completed prior to closing. In order to complete such investigation, AEMPT or its designated consultant shall have the right but not the obligation: (i) to conduct tests of the soil, surface or subsurface waters, and air quality at, in, on, beneath or about the Real Property, in a manner consistent with good engineering practice; (ii) to inspect all records, reports, permits, applications, monitoring results, studies, correspondence, data and any other information or documents relevant to Hazardous Materials or other environmental conditions; and (iii) to inspect all buildings and equipment at the Real Property for asbestos-containing materials or other Hazardous Materials. AEMPT agrees to conduct

such investigations in a manner that minimizes the disruption to Zurn's business activities, and Zurn agrees to permit AEMPT reasonable access to all portions of the Real Property, both during business hours and after business hours. AEMPT shall not exercise its rights under this subsection with respect to inspecting and entering the Real Property until such time as (a) the period for exercise of Zurn's right of refusal in connection with the Environmental Assessment of that portion of the Real Property has expired, or (b) Zurn has provided written notice that it will not exercise its rights of refusal in connection with that portion of the Real Property, whichever is sooner. AEMPT shall have the unilateral right, in its sole discretion, to terminate its obligations under this Agreement without penalty on or before the completion of the investigation if the environmental due diligence reveals environmental issues that were not adequately disclosed to AEMPT prior to execution of the Agreement and expenditures associated with addressing such issues is reasonably estimated to exceed in the aggregate \$500,000 (said expenditures being the responsibility of Zurn). For purposes of determining the nature and extent of Zurn's disclosure of environmental issues under the preceding sentence, the parties agree that only the documents and correspondence identified in Exhibit 3.7 shall be considered as having been disclosed to AEMPT prior to execution of this Agreement. AEMPT agrees to keep and hold confidential any and all reports, summaries, studies or results that are the product of its investigations of the Real Property, and not to disclose such reports without the written consent of Zurn or unless required to do so by applicable law.

Section 3.8. Labor Matters

(a) Each of AEMPT and Zurn will cooperate with each other prior to and after the Closing Date in the bifurcation of the collective bargaining agreement between the United Steelworkers of America, Local 1426 (the "Union") and Zurn to permit AEMPT to enter into a separate collective bargaining agreement with the Union covering the Mechanical Drives Division of MPTG. In furtherance of the foregoing, Zurn will hold preliminary meetings with the Union concerning the purchase, followed by meetings including Zurn, the Union and AEMPT, with a view to creation and execution as of the Closing Date of a collective bargaining agreement covering only the Mechanical Drives Division.

(b) Prior to Closing, Zurn will enter into a new one-year collective bargaining agreement or an extension to the existing collective bargaining agreement covering the Bay City operations with United Steelworkers of America, Local 8448 with no material changes to the terms of the existing agreement and shall cooperate with and keep AEMPT fully informed on the progress thereof.

(c) Each of AEMPT and Zurn will cooperate with each other prior to and after the Closing Date in communications with workers at all plants affected by the purchase and sale contemplated hereby, including the preparation of joint statements and announcements and attendance at meetings and sessions with employees.

Section 3.9. Employee Benefits: Employment

(a) Effective with the Closing Date, AEMPT agrees to offer employment to all full time MPTG employees (the "Transferred Employees") in positions of comparable pay and not requiring relocation for a minimum period ninety (90) days after closing ("Minimum Employment Period"), subject to AEMPT right to terminate any Transferred Employee for cause. Subject to the other provisions of this Section 3.9, the Transferred Employees shall be employed after the Closing in accordance with, and subject to, AEMPT's terms, conditions and policies of employment, including, without limitation, all of AEMPT policies regarding modification of the terms and conditions of employees' employment. Notwithstanding anything contained herein to the contrary, this Section shall not create any obligation on the part of AEMPT or any subsidiary thereof to employ or to continue the employment of any Transferred Employees after the Minimum Employment Period.

(b) Immediately following the Closing Date, the Transferred Employees, during such time as their employment with AEMPT is continued, shall be eligible to participate in AEMPT employee benefit plans ("AEMPT Plans") which will include, but not be limited to, a 401(k) plan, health, dental and vision insurance with open enrollment, subject to the terms and conditions of such plans but not subject to any waiting periods or preexisting condition exclusions. Moreover, AEMPT will provide under its comprehensive major medical and dental plans for integration of current year co-payments, and payments made under a deductible for Zurn indemnity plans. AEMPT shall cause AEMPT's Plans to recognize prior service of a Transferred Employee with Zurn to the extent recognized under the corresponding AEMPT Plans prior to the Closing as service with AEMPT for purposes of (i) any AEMPT Plan that is not an Employee pension benefit plan for purposes of any waiting period and eligibility requirements and (ii) any AEMPT Plan that is an employee pension benefit plan, for purposes of eligibility (including eligibility for early retirement benefits) and vesting (but not benefit accrual) thereunder.

(c) Zurn shall take all action necessary and advisable to spin off from the Pension Fund for Hourly Employees Represented by United Steelworkers of America, Local #1426 (As Amended and Restated as of September 1, 1992) ("1426 Plan") a plan ("New Plan") that will include (x) the vested and unvested projected benefit obligations of the Transferred Employees who are participants in the 1426 Plan as of the Closing Date and (y) an amount of assets of the 1426 Plan equal to the vested and unvested projected benefit obligations of the Transferred Employees (collectively, the "Assets and Liabilities"). In computing the amount of the Assets and Liabilities, the rules of Sections 414(l)(1) and 414(l)(2) of the Code shall be applied and the amount of the Assets and Liabilities shall be determined as of the Closing Date.

As of the day following the Closing Date, AEMPT shall be substituted for Zurn as the plan sponsor and plan administrator (within the meaning of Section 3(16) of ERISA) for the New Plan and the Bay City Forge Operations Hourly Pension Plan ("Bay City Plan"),

and all instruments governing the New Plan and the Bay City Plan shall be amended effective as of the day after the Closing Date by changing all references to Zurn therein to AEMPT, and making all other changes necessary or appropriate to effectuate the terms and conditions of this Agreement.

Zurn shall cause its actuary to determine the excess of the assets over the liabilities of the Bay City Plan using the rules of Sections 414(l)(1) and 414(l)(2) of the Code as of the end of the month in which the Closing Date occurs. Within five (5) business days after Zurn provides AEMPT with a report from the actuary that sets forth the excess amount, AEMPT shall pay to Zurn the amount of such excess. Said payment shall be in addition to the Purchase Price.

(d) Notwithstanding anything to the contrary set forth herein, Zurn shall provide or cause to be provided, retiree medical, health and life benefits, to each retired employee of MPTG who is entitled to such benefits as of the Closing Date or to each person who is a former employee prior to the Closing Date and entitled to such benefits as of such date. Zurn and AEMPT agree that notwithstanding any other provision of this Agreement, AEMPT shall have no obligation to provide retiree medical, health or life benefits to any Transferred Employee based on their employment with Zurn except as to Eligible Current Employees (as provided in Section 2.4(a)(7)) or to the extent AEMPT enters into a plan or agreement after the Closing Date to provide such benefits. Zurn and AEMPT agree that nothing in this Agreement obligates Zurn to provide medical, health and life benefits to any current or former employee of MPTG who is not entitled to such benefits as of the Closing Date pursuant to the plans of Zurn that provide such benefits.

(e) Zurn agrees that except as provided in this Agreement, on and after the closing AEMPT shall assume no liability or obligation with respect to any Zurn Plan or any benefits or other amounts payable or provided under any Zurn Plan or any contract relating to employment or termination of employment between Zurn and any of its employees or former employees, including the Transferred Employees.

(f) On and after the Closing Date, AEMPT shall make all vacation payments to or with respect to the Transferred Employees without regard to when the liability for such vacation pay arose (including any vacation pay earned but unpaid as of the Closing Date and any "carryover" or "banked" vacation pay that had not been paid as of the Closing Date), and Zurn shall have no liability to such employees for such payments.

(g) Zurn and AEMPT shall take such further action (before, at or after the Closing Date), if any, as reasonably may be necessary or convenient to implement the intent of Zurn's and AEMPT's agreements contained in this Section 3.9. Zurn shall make available to AEMPT such information as AEMPT may reasonably request to enable AEMPT to determine such matters relating to employment and salary histories for purposes of AEMPT's Plans.

(h) No provision of this Section 3.9 shall create any third party beneficiary rights in any employee or former employee (including any beneficiary or dependent thereof of Zurn in respect of continued employment (or resumed employment) or any other matters and no provision of this Section 3.9 shall create any such rights in any such persons in respect of any benefit plan or arrangement.

(i) To the extent AEMPT and United Steelworkers of America, Local #1426 enter into an agreement providing for, among other things, unemployment benefits supplementing those provided by the state unemployment compensation system, AEMPT will establish a supplemental unemployment benefit plan ("AEMPT SUB Plan"). As soon as practicable after the Closing Date, Zurn shall cause to be transferred to AEMPT's SUB Plan from the Zurn Industries, Inc. Pittsburgh Avenue Supplemental Unemployment Benefits Plan for hourly employees represented by United Steelworkers of America, Local #1426)(Steelworkers Local #1426 SUB Plan) the assets and liabilities which are attributable to Transferred Employees.

ARTICLE IV-- WARRANTIES AND REPRESENTATIONS OF ZURN

Except as specifically set forth in the Disclosure Schedule, Zurn warrants and represents to AEMPT as follows:

Section 4.1. Purchased Assets. Zurn has good, valid and marketable title to the Purchased Assets free and clear of all encumbrances.

Section 4.2. Corporate Existence, Etc. Zurn is a corporation duly organized and validly existing under the laws of its state of incorporation, is authorized to do business, and is in good standing under the laws of the states where such qualification is necessary for Zurn to perform its obligations hereunder. There is no state, country or territory wherein the absence of licensing or qualification would have a material adverse effect upon the business of MPTG as currently conducted. MPTG is a division of Zurn and not under the control of any entity other than Zurn.

Section 4.3. Power and Authority. Zurn has the requisite legal and corporate power and authority (i) to enter into this Agreement, and (ii) to carry out its obligations hereunder. No other corporate proceedings on the part of Zurn are necessary to authorize this Agreement or the transactions contemplated hereby.

Section 4.4. Binding Agreement. This Agreement, when executed, shall constitute a valid and binding agreement of Zurn and is enforceable against it in accordance with the terms of this Agreement, except as may be limited by bankruptcy or insolvency or by other laws affecting the rights of creditors generally and except as may be limited by the availability of equitable remedies.

Section 4.5. No Default, Etc. The execution, delivery, and performance of this Agreement by Zurn does not and shall not (i) result in a default, forfeiture, breach or violation of (1) the articles of incorporation of Zurn or its bylaws, or (2) any mortgage, deed of trust, indenture, note, bond, right, franchise, license, lease, covenant, or other instrument or agreement to which Zurn is a party or to which any of its properties or assets are bound, or (ii) constitute an event (1) that would permit any person or entity to terminate rights or accelerate the performance or maturity of any indebtedness or obligation of Zurn, or (2) that would require any consent from a third party or under any material agreement to which Zurn is bound.

Section 4.6. Suits, Claims. There are no suits, claims, proceedings, or governmental investigations pending or threatened against or relating to Zurn that could adversely affect, restrain, prohibit or invalidate this Agreement or Zurn's ability to perform under this Agreement.

Section 4.7. Changes. (a) Since March 31, 1996, there has not been, by, on behalf of, or affecting MPTG, any:

(i) change in the business, operations, financial position, liabilities or assets, except such changes which, in the aggregate, have not had and are not reasonably likely to have a material adverse effect;

(ii) Change in accounting principles, methods or practices pertaining to the costing of the Included Inventory or any of the Purchased Assets;

(iii) Re-evaluation of assets or write-down of the value of any Included Inventory; or

(iv) Other event or condition of any character that has or might reasonably be expected to have a materially adverse effect on the business, assets, or liabilities of MPTG.

(b) Since March 31, 1996, Zurn has conducted the MPTG business only in the Ordinary Course of Business, and Zurn has not:

(i) incurred loss of, or significant injury to, any of the Purchased Assets;

(ii) mortgaged, pledged or subjected to any Encumbrance any of the Purchased Assets or incurred any indebtedness that would be included among the Assumed Liabilities (except for trade payables and other non-material liabilities incurred in the Ordinary Course of Business);

(iii) sold, exchanged, transferred or otherwise disposed of any of the Purchased Assets, or cancelled any debts or claims, except in each case in the Ordinary Course of Business;

(iv) made or permitted any amendment or termination of any material Agreement affecting MPTG to which it is a party;

(v) through negotiation or otherwise made any commitment or incurred any liability to any labor organization; or

(vi) made an agreement to do any of the foregoing.

Section 4.8. Tax Matters. All federal, state, and local tax returns to be filed by or on behalf of Zurn prior to the Closing Date have been filed (or shall be filed) within the time prescribed by law and all such tax returns are (or shall be), to the best of the knowledge of the officers and employees of Zurn, true, correct, and complete. Zurn has paid or will pay on a timely basis all Taxes due to any taxing authority in connection with any of the Zurn tax returns. There are no tax audits, suits, actions, investigations or claims pending, nor are there outstanding waivers or comparable consents regarding the statute of limitations with respect to taxes or tax returns that could reasonably be expected to have a materially adverse effect upon the business, assets, or liabilities of MPTG.

Section 4.9. Environmental Matters.

(a) Zurn has complied and is in compliance with, and the Real Property and all improvements thereon are, and during the period of Zurn's ownership, tenancy, or operation, have been, in compliance with all Environmental Laws.

(b) No capital expenditure in excess of \$500,000 is or will be required for compliance with any Environmental Laws as the same may apply to the business of MPTG.

(c) There are no pending, or to the knowledge of Zurn, threatened, audits, actions, suits, orders, claims, legal proceedings or other proceedings based on, and neither Zurn, nor or any of its officers, directors, or stockholders has directly or indirectly received any formal or informal notice of any complaint, order, directive, citation, notice of liability, notice of potential responsibility, or request from any federal, state, or local governmental authority or any other person or entity, or knows or suspects any fact(s) which might reasonably form the basis for any such actions or notices, arising out of or related to: (i) the current or past presence or Release of Hazardous Materials at, on, under, or from any part of the Real Property; (ii) the off-site transportation, disposal or treatment of Hazardous Materials originating on or from the Real Property or the businesses or Assets of Zurn's MPTG business; (iii) any violation of Environmental Laws at any part of the Real Property or otherwise arising from Zurn's MPTG business (or the activities of Zurn's predecessors in

title) involving Hazardous Materials; (iv) groundwater, soil, or air monitoring or the storage, burial, release, transportation, or disposal of Hazardous Materials; (v) the use of underground storage tanks by MPTG; or (vi) the facilities of MPTG.

(d) Zurn has no agreement with any federal, state, or local government authority or any other third party relating to the foregoing environmental matters or relating to any cleanup, response action, remediation, removal action, corrective action, investigation, sampling, analysis, or monitoring of Hazardous Materials relating to the business or Assets of Zurn's MPTG business.

(e) Zurn has been duly issued, and currently has and will maintain through the Closing Date, all permits, licenses, certificates and approvals required under any Environmental Law with respect to the business of MPTG. A true and complete list of such permits, licenses, certificates and approvals, all of which are valid and in full force and effect, is set out in the Disclosure Schedule. Except in accordance with such permits, licenses, certificates and approvals, there has been no Release of material regulated by such permits, licenses, certificates or approvals.

(f) The Real Property contains no underground improvements, including but not limited to treatment or storage tanks, or underground piping associated with such tanks, used currently or in the past for the management of Hazardous Materials, and no portion of the Real Property is or has been used as a dump or landfill or consists of filled in land.

(g) Zurn has furnished to AEMPT accurate and complete information pertaining to the environmental history of the Real Property and the operations of MPTG.

(h) The Real Property currently (or to the knowledge of Zurn, formerly) owned, operated or leased by Zurn in connection with the MPTG business is free from Hazardous Materials contamination.

(i) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or on behalf of, or which are otherwise in the possession of Zurn relating to any Real Property currently or formerly owned or leased by MPTG, other than those which have been provided to AEMPT.

(j) Neither PCBs nor asbestos-containing materials are present on or in the Real Property.

(k) No Encumbrance in favor of any person relating to or in connection with any Claim under any Environmental Law has been filed or has attached to the Real Property.

Section 4.10. Pension and Employee Benefits

(a) Disclosure Schedule. Except as set forth in the Disclosure Schedule, Zurn (i) does not maintain any Plan or Other Arrangement, (ii) is not a party to any Plan or Other Arrangement, and (iii) has no obligations under any Plan or Other Arrangement.

(b) Copies of Documents. Zurn has furnished to AEMPT true and complete copies of each of the following documents: (i) the documents setting forth the terms of each Plan; (ii) for the most recent plan year, all annual reports (Form 5500 series) of each Plan that have been filed with any governmental agency; (iii) the current summary plan description and subsequent summaries of material modifications for each Plan; (iv) all DOL opinions on any Plan and all correspondence relating to the request for and receipt of each opinion; (v) all IRS rulings, opinions or technical advice relating to any Plan; and (vi) all agreements with service providers or fiduciaries for providing services on behalf of any Plan. For each Other Arrangement, Zurn has furnished to AEMPT true and complete copies of each policy, agreement or other document setting forth or explaining the terms of the Other Arrangement.

(c) . [Intentionally Omitted.]

(d) Funding. The funding method used under each Defined Benefit Plan does not violate the funding requirements in title 1, subtitle B, part 3, of ERISA. For each Defined Benefit Plan, Zurn has furnished to AEMPT a true and complete copy of the actuarial valuation reports issued by the actuaries of that Defined Benefit Plan for the two most recent years, setting forth: (i) the actuarial present value (based upon the same actuarial assumptions as were used for that period for funding purposes) of all vested and nonvested accrued benefits under the Defined Benefit Plan; (ii) the actuarial present value (based upon the same actuarial assumptions, other than turnover assumptions, as were used for that period for funding purposes) of vested benefits under that Defined Benefit Plan; (iii) the net fair market value of that Defined Benefit Plan's Assets; and (iv) a detailed description of the funding method used under that Defined Benefit Plan.

(e) Deficiencies and Liabilities. No "accumulated funding deficiency" as defined in Section 302(a)(2) of ERISA or Section 412 of the Code whether "current liability" as determined under Section 412(l) of the Code exists with respect to any Defined Benefit Plan. No security is required under Section 401(a)(29) of the Code as to any Defined Benefit Plan. The Disclosure Schedule sets forth all unpaid obligations and liabilities of Zurn to provide benefits or contributions with respect to any Defined Benefit Plan (including, without limitation, liabilities and obligations currently due and those not yet due that are attributable to the current plan year or otherwise will become due at a later date for benefits previously earned).

(f) ESOPs. No Plan is an employee stock ownership plan.

(g) Compliance with Law. Zurn has complied with all applicable provisions of the Code, ERISA, the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Securities Act, the Securities Exchange Act of 1934, and all other laws pertaining to the Plans, other Arrangements and other employee or employment related benefits, and all premiums and assessments relating to all Plans or Other Arrangements have been paid or accrued. Zurn has no liability for any delinquent contributions within the meaning of Section 515 of ERISA (including, without limitation, related attorneys' fees, costs, liquidated damages and interest) or for any arrearages of wages. Zurn has no pending unfair labor practice charges, contract grievances under any collective bargaining agreement, other administrative charges, claims, grievances or lawsuits before any court, governmental agency, regulatory body, or arbiter arising under any law governing any Plan relating to MPTG, and there exist no facts that could give rise to such a claim.

(h) Non-Deductible Payments. No Plan or Other Arrangement relating to MPTG, individually or collectively, provides for any payment by Zurn to any employee or independent contractor that is not deductible under Section 162(a)(1) or 404 of the Code or that is an "excess parachute payment" pursuant to Section 280G of the Code.

(i) Welfare Plans. None of the Welfare Plans relating to MPTG is funded through a trust or similar arrangement except for the Pittsburgh Avenue Supplemental Unemployment Benefit Plan.

(j) Post-Retirement Plans. The Disclosure Schedule (i) identifies all post-retirement medical, life insurance or other benefits promised, provided or otherwise due now or in the future to current, former or retired MPTG employees of Zurn, (ii) identifies the method of funding (including, without limitation, any individual accounting) for all such benefits, (iii) discloses the funded status of the Plans providing or promising such benefits and (iv) sets forth the method of accounting for such benefits to any key MPTG employees (as defined in Section 416(i) of the Code) of Zurn.

(k) Health Care Continuation Coverage Requirements. All Welfare Plans of Zurn applicable to MPTG that are subject to Section 4980B(f) of the Code and Sections 601 through 607 of ERISA comply with and have been administered in compliance with the health care continuation-coverage requirements for tax-favored status under Section 4980B(f) of the Code (formerly Section 162(k) of the Code), Sections 601 through 607 of ERISA, except where a failure to comply, singly or in the aggregate, would not have a material adverse effect on Zurn.

Section 4.11 Financial Statements: No Undisclosed Liabilities. Zurn has delivered to AEMPT and has included as Disclosure Schedule 4.11 unaudited financial statements of MPTG for the years ended March 31, 1994, 1995, and 1996, and unaudited financial information for the quarter ended June 30, 1996. Such financial statements and information

present fairly the financial position and results of operations of MPTG and have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with prior accounting periods. Except as set forth in such financial statements or in the Disclosure Schedules, there are no material liabilities or obligations (whether contingent or absolute, matured or unmatured, known or unknown) of Zurn relating to MPTG, including, without limitation, any liabilities resulting from the failure to comply with any law or any federal, state or local tax liabilities due or to become due, which could affect AEMPT, MPTG or the Purchased Assets.

Section 4.12 Accounts Receivable The accounts receivable of MPTG listed on Exhibit 2.3(b)(i) and shown on the balance sheets furnished pursuant to Section 4.11, or thereafter acquired by MPTG, have been collected or are collectible in amounts not less than the amounts thereof carried on the books of Zurn, except to the extent of the allowance for doubtful accounts shown on such balance sheets.

Section 4.13 . Real Property

(a) Disclosure Schedule 4.13 lists and sets forth the legal description for all the Real Property, specifying the owner of each parcel thereof, and all such Real Property is suitable and adequate for the uses for which it is currently devoted.

(b) Zurn is the sole owner of good, valid, fee simple, marketable and insurable (at standard rates) title to the Real Property respectively owned by it, including, without limitation, all buildings, structures, fixtures and improvements thereon and all equipment, machinery and personal property therein, in each case free and clear of all Encumbrances except only the Permitted Encumbrances set forth in the Disclosure Schedule 4.13.

(c) All buildings, structures, fixtures and other improvements on the Real Property conform to all laws and are in good repair, free of defects. The buildings, structures, fixtures and improvements on each parcel of the Real Property lie entirely within the boundaries of such parcel of the Real Property as specified in the legal description set forth in Disclosure Schedule 4.13, and no structures of any kind encroach on the Real Property.

(d) At least 10 days prior to the closing, Zurn, at its own expense, shall furnish to AEMPT an ALTA Land Title Survey complying with the Minimum Standard Detail Requirements for Land Title Surveys jointly adopted by the American Land Title Association and the American Congress of Surveying and Mapping in 1988, duly prepared and certified, as of a date subsequent to the date of this Agreement, by a registered land surveyor who is licensed in the state in which such parcel is located. All documents (including such certificate) furnished to Zurn in connection with the Survey will be attached as part of the Disclosure Schedule. The Survey shall include a detailed legal description prepared by such registered land surveyor which shall be consistent with the legal description of the Real

Property set forth in the Disclosure Schedule 4.13. The Survey shall be certified solely to AEMPT and shall name AEMPT as the party for whose benefit it is prepared.

(e) None of the Real Property is subject to any agreement or other restriction of any nature whatsoever (recorded or unrecorded) preventing or limiting Zurn's right to convey or to use it.

(f) No portion of the Real Property or any building, structure, fixture or improvement thereon is the subject of, or affected by, any condemnation, eminent domain or inverse condemnation proceeding currently instituted or pending, and Zurn has no knowledge that any of the foregoing are, or will be, the subject of, or affected by, any such proceeding.

(g) No part of the Real Property is subject to any building or use restrictions which restrict or prevent the present use of the Real Property. The Real Property is properly and duly zoned for its current use, a certificate of occupancy has been issued for each occupied space, and there are no other rights, licenses or authorizations of any kind necessary to its current use.

(h) All roadways upon the Real Property connect to adjacent public street or to private streets created by valid public or private easements. Zurn has received no notice, oral or written, of any change or proposed change in the route of any major street or road within one (1) mile of the Real Property.

(i) The improvements on the Real Property (including parking areas) and all systems therein have been constructed in a good and workmanlike manner, are adequate to the conduct of a manufacturing facility of the type and quality of the Real Property, are structurally safe and sound. All operating systems of the Real Property, including, without limitation, the air conditioning system, the heating system, the humidifying system, the air filtering system, the plumbing system, the electrical system, the gas system, the antenna system, the burglar and fire alarm system, the sprinkling system and the public address system, are now in good operating condition and will be in good operating condition at the time of the Closing.

(j) Usable public sanitary and storm sewers, public water, and gas and electrical utilities (collectively, the "Public Utilities") of adequate capacity for the operation of the Real Property, are installed in, and are duly connected to, the Real Property and can be used without any charge except the metered charges imposed for such Public Utilities. All such Public Utilities enter the Real Property either through adjoining public streets or, if they pass through adjoining private lands, do so with valid public or private easements. In addition, there is service for the removal of garbage and other waste from the Real Property in a manner suitable for its present use. Zurn has not been notified of any increase or proposed increase in the charges imposed for such Public Utilities.

(k) Zurn shall, at the expense of AEMPT and within fifteen (15) days from the date hereof, secure and deliver to AEMPT a commitment (the "Title Commitment") naming AEMPT as the proposed insured for all owners' policy of title insurance (the "Title Policy"), on American Land Title Association standard form of owners' marketability policy (ALTA Form B-1970), without any exceptions (including so called "standard exceptions") other than as hereinbelow specifically provided, and providing full extended coverage, to be issued and to become effective at the closing by Commonwealth Title Insurance Company or another title insurance company acceptable to AEMPT (the "Title Company") at its standard rates, in an amount acceptable to Zurn and AEMPT. The Title Policy shall insure solely AEMPT that, upon consummation of the purchase and sale herein contemplated at the closing, AEMPT will be vested with good, fee simple, marketable title to the Real Property, free and clear of all Encumbrances except only the Permitted Encumbrances set forth in the Disclosure Schedule. Said Title Commitment may contain an exception for unfiled and unrecorded materialmen's and mechanics' liens, provided that Zurn hereby covenants and agrees to furnish said Title Company (at Zurn's expense) with such affidavits, bonds and indemnities as may be required by said Title Company in order to issue the Title Policy at the closing without such exception and with full and affirmative protection against both filed and unfiled mechanics' and materialmen's liens. The Title Commitment shall be dated after the date hereof and within five (5) days prior to the date of delivery thereof to AEMPT, and shall be effective through the closing hereof.

In the event Zurn is unable to obtain the Title Commitment, Zurn shall so notify AEMPT within ten (10) days from the date hereof, and AEMPT shall have the option (but no obligation) during the ten (10) days thereafter to obtain said Title Commitment (but at Zurn's expense).

Section 4.14. Purchased Assets.

(a) The Purchased Assets constitute all Assets required for the continued operation of MPTG's business other than the Hydromechanics Property.

(b) All of the Purchased Assets are in good operating condition and repair and are suitable and adequate for the uses for which they are being used. Except for slow-moving, obsolete and excess inventory, all Included Inventory consists of items which are good and merchantable and of a quality and quantity currently usable and salable in the Ordinary Course of Business.

Section 4.15. Insurance. Disclosure Schedule 4.15 sets forth a complete list of all insurance policies in force relating to the Purchased Assets and MPTG's business. All insurance is in full force and provides adequate coverage. No notice of cancellation has been given to or received by Zurn with respect to any of such insurance policies.

Section 4.16. Certain Agreements. Disclosure Schedule 4.16 lists and briefly describes all representative, distributor, consulting, licensing, loan agreements, employment agreements, capital and operating leases, and any other material contracts, written or otherwise, related to MPTG to which Zurn is a party or by which MPTG is bound at the date hereof. Each such agreement is in full force and effect and constitutes a legal, valid and binding obligation of, and is legally enforceable against, the respective parties thereto. Zurn has in all respects performed all the obligations thereunder required to be performed by any of them to date. No party is in default in any respect under any of the agreements described in Disclosure Schedule 4.16, and there has not occurred any event which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute such a default. "Materiality" for purposes of this subsection shall mean contracts involving payments in excess of \$100,000 per annum.

Section 4.17. Litigation and Disputes. There are no actions, suits, claims, arbitrations, proceedings or investigations pending, threatened or reasonably anticipated against, affecting or involving the business or Assets of MPTG, or the transactions contemplated by this Agreement. Zurn is not operating the MPTG business under, subject to or in default with respect to any order, award, writ, injunction, decree or judgment of any court, arbitrator or governmental authority.

Section 4.18. Labor Relations. There are no strikes, work stoppages, grievance proceedings, union organization efforts or other controversies pending, threatened or reasonably anticipated between Zurn and (i) any current or former employees of Zurn involved in MPTG or (ii) any union or other collective bargaining unit representing such employees that would have a materially adverse effect on the MPTG business. Zurn has complied and is in compliance with all laws relating to employment or the workplace.

Section 4.19. Required Consents. There are no agreements, laws or other restrictions of any kind to which Zurn (or any asset thereof) is party or subject that would prevent or restrict the execution, delivery or performance of this Agreement or result in any penalty, forfeiture, Agreement termination, or restriction on business operations of MPTG as a result of the execution, delivery or performance of this Agreement. The Disclosure Schedule lists all material agreements and laws that reasonably could be interpreted or expected to require the consent or acquiescence of any person or entity not party to this Agreement with respect to any aspect of the execution, delivery or performance of this Agreement by Zurn.

Section 4.20. Other Laws.

(a) Zurn has complied with all requirements of the Occupational Safety and Health Act along with any state-law equivalents, the consequences of a violation of which could reasonably be expected to have a materially adverse effect on the business of MPTG and

has also complied with all orders, judgments and decrees of any tribunal under such legislation that apply to the business of MPTG.

(b) Zurn has complied with, and is not in material violation of, any other applicable federal, state, or local statute, law, or regulation including (without limitation) any applicable building, zoning, or other law, ordinance, or regulation affecting the business of MPTG.

Section 4.21. Full Disclosure. None of the representations and warranties made by Zurn contains or shall contain any untrue statement of a material fact, or omits or shall omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

Section 4.22. Survivability. The representations and warranties set forth in the foregoing sections of this Article IV shall survive the Closing Date for a period of two (2) years but do not apply to MPTG as it may be operated by AEMPT after the Closing Date. Claims for breaches of any of the foregoing may be made only to the extent that the aggregate of all claims exceeds the sum of \$250,000 and shall not exceed the Purchase Price.

ARTICLE V - WARRANTIES AND REPRESENTATIONS OF AEMPT

AEMPT warrants and represents to Zurn as follows:

Section 5.1. Existence, Etc. AEMPT is a limited partnership duly organized and validly existing under the laws of Delaware. AEMPT is authorized to do business and in good standing under the laws of the states where such qualification is necessary for AEMPT to perform its obligations hereunder.

Section 5.2. Power and Authority. AEMPT has the requisite legal and partnership power and authority (i) to enter into this Agreement, and (ii) to carry out its obligations hereunder. No other partnership proceedings on the part of AEMPT are necessary to authorize this Agreement or the transactions contemplated hereby, other than those that will have been completed prior to the Closing Date.

Section 5.3. Binding Agreement. This Agreement, when executed, shall constitute a valid and binding agreement of AEMPT and is enforceable against it in accordance with the terms of this Agreement, except as may be limited by bankruptcy or insolvency or by other laws affecting the rights of creditors generally and except as may be limited by the availability of equitable remedies.

Section 5.4. No Default, Etc. The execution, delivery, and performance of this Agreement by AEMPT does not and shall not (i) result in a default, forfeiture, breach or violation of (1) the certificate of limited partnership of AEMPT, or (2) any mortgage, deed of

trust, indenture, note, bond, right, franchise, license, lease, covenant, or other instrument or agreement to which AEMPT is a party or to which any of its properties or assets are bound, or (ii) constitute an event (1) that would permit any person or entity to terminate rights or accelerate the performance or maturity of any indebtedness or obligation of AEMPT, or (2) that would require any consent from a third party or under any material agreement to which AEMPT is bound.

Section 5.5. Suits, Claims. There are no suits, claims, proceedings, or governmental investigations pending or threatened against or relating to AEMPT that could adversely affect, restrain, prohibit or invalidate this Agreement or AEMPT's ability to perform under this Agreement.

Section 5.6. Survivability. The representations and warranties set forth in the foregoing sections of this Article V shall survive the Closing Date for a period of two (2) years; provided, however, that no claim may be made unless, and may be made only to the extent that, the aggregate of all claims exceeds the sum of \$250,000, and shall not exceed the Purchase Price.

ARTICLE V -- CONDITIONS OF CLOSING

Section 6.1 Conditions Precedent to Obligations of Zurn. The obligations of Zurn under this Agreement are subject to the fulfillment, at or prior to the Closing, of the following conditions, and failure to satisfy any such condition shall discharge all obligations of Zurn to carry out the provisions of this Agreement:

(a) Representations and Warranties. The representations and warranties made by AEMPT in this Agreement or in any document furnished by AEMPT pursuant to this Agreement shall be true and complete when made and on and as of the Closing Date, except for any changes expressly permitted by this Agreement.

(b) Performance. Prior to the Closing Date, AEMPT shall have performed and complied with all agreements and conditions required by this Agreement.

(c) Legal Proceedings. No action or proceeding by or before any governmental authority shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) which is reasonably expected to restrain, prohibit or invalidate the transactions contemplated by this Agreement, other than an action or proceeding instituted or threatened by Zurn.

(d) Hart-Scott-Rodino. All applicable waiting periods under Hart-Scott-Rodino shall have expired.

(e) AEMPT's Certificate. AEMPT shall have delivered to Zurn a certificate, dated as of the Closing Date and executed by a senior officer of AEMPT, certifying to the fulfillment of the conditions set forth in Sections 6.1(a) through 6.1(d).

(f) Documents at Closing. All documents required to be furnished by AEMPT to Zurn prior to or at the closing shall have been so furnished.

(g) Opinion of Counsel for AEMPT. Zurn shall have received an opinion of Hogan & Hartson, L.L.P., counsel to AEMPT, dated as of the Closing Date, to the effect and substantially in the form Exhibit 6.1(g).

(h) Other Consents. Zurn shall have received all consents, authorizations and approvals of governmental, supragovernmental and private parties which are required to be obtained in order to consummate the transactions contemplated hereby.

Section 6.2. Conditions Precedent to Obligations of AEMPT. The obligations of AEMPT under this Agreement are subject to the fulfillment, at or prior to the closing, of the following conditions, and failure to satisfy any condition shall discharge all obligations of AEMPT to carry out the provisions of this Agreement:

(a) Representations and Warranties. The representations and warranties made by Zurn in this Agreement and the statements contained in the Disclosure Schedule and Exhibits attached hereto or in any Document furnished by Zurn pursuant to this Agreement shall be true and complete when made, and on and as of the Closing Date, except for any changes expressly permitted by this Agreement. Zurn shall have delivered to AEMPT a certificate briefly describing all matters required to be reported to AEMPT pursuant to Section 3.3(c).

(b) Performance. Prior to the Closing Date, Zurn shall have performed and complied with all Agreements and conditions required by this Agreement.

(c) Absence of Adverse Changes. There shall have been no changes since the date hereof in the business, operations, prospects, condition (financial or otherwise), Assets or liabilities of MPTG, except changes contemplated by this Agreement.

(d) Legal Proceedings. No action or proceeding by or before any governmental authority shall have been instituted or threatened (and not subsequently settled, dismissed or otherwise terminated) which is reasonably expected to restrain, prohibit or invalidate the transactions contemplated by this Agreement other than an action or proceeding instituted or threatened by AEMPT.

(e) Officer's Certificate. Zurn shall have delivered to AEMPT a certificate, dated as of the Closing Date and executed by a senior officer of Zurn, in his capacity as such, certifying to the fulfillment of the conditions specified in Sections 6.2(a) through 6.2(d).

(f) Opinion of Zurn's Counsel. AEMPT shall have received an opinion of counsel to Zurn, dated as of the Closing Date, to the effect and substantially in the form of Exhibit 6.2(f).

(g) Documents at Closing. All documents required to be furnished by Zurn to AEMPT prior to or at the closing shall have been so furnished.

(h) Consents. AEMPT shall have received all consents, authorizations and approvals of governmental and private parties which are required to be obtained in order to consummate the transactions contemplated hereby, including, without limitation, the expiration or termination of any applicable waiting periods under Hart-Scott-Rodino and assignment of the Ringspann GmbH contracts with MPTG without alteration of their terms in a manner materially adverse to AEMPT.

(i) ISRA Compliance. Zurn shall have received evidence of its compliance with ISRA in form reasonably satisfactory to AEMPT from the New Jersey Department of Environmental Protection, with respect to the Real Property located in New Jersey.

(j) Survey. AEMPT shall have secured the Survey with respect to the Real Property contemplated by Section 4.13, in form and substance satisfactory to AEMPT, and Zurn shall have furnished to AEMPT a certificate, dated as of the Closing Date and executed by a senior officer of Zurn, stating that Zurn has reviewed the Survey and the Survey is true and complete.

(k) Transition Services Agreement. AEMPT and Zurn shall have entered into an agreement relating to transition services and lease of the Hydromechanics Property on mutually agreeable terms.

(l) Labor Matters. The Collective Bargaining Agreement with Local 1426 shall have been bifurcated in a manner and with terms reasonably satisfactory to AEMPT.

Section 6.3. Items to be Delivered by Zurn at Closing. Zurn shall deliver to AEMPT the following items on the Closing Date:

(a) a Bill of Sale in the form of Exhibit 6.3(a) and other instruments of assignment and transfer of the Purchased Assets;

(b) Special warranty deeds (or the equivalent in the jurisdiction where the property is located), dated the Closing Date, in recordable form duly executed by Zurn and conveying

to AEMPT good, fee simple, marketable title to the Real Property with legal description provided in the Title Commitment subject to the Permitted Encumbrances set forth in the Disclosure Schedule;

- (c) notice in the form of Exhibit 2.3(b)(ii);
- (d) title to any vehicles that are included in the Purchased Assets;
- (e) a certified copy of the resolutions adopted by the Board of Directors of Zurn authorizing the transactions contemplated by this Agreement;
- (f) the certificates required by Sections 6.2(e) and 6.2(j);
- (g) certificates of incumbency and specimen signatures of the signatory officers of Zurn;
- (h) The original of the Title Policy, together with an affidavit in form satisfactory to the Title Company, stating that all bills have been paid for any improvements to the Real Property and that the Real Property is owned by Zurn free and clear of all Encumbrances subject to the Permitted Encumbrances set forth in the Disclosure Schedule, and the certification concerning the Survey which is referred to in Section 6.2(j) together with such other documents required by the Title Company in connection with the issuance of the Title Policy.
- (i) Foreign Person Affidavit. A sworn statement of Zurn made under oath and under penalties of perjury that Zurn is not a "Foreign Person" as defined in Code Section 1445(f)(3) and containing such information as shall be required by Code Section 1445(b)(2) and the regulations issued thereunder.
- (j) Such other documents as AEMPT may reasonably request.

Section 6.4. Items to be Delivered by AEMPT at Closing. AEMPT shall deliver to Zurn the following items on the Closing Date:

- (a) immediately available funds in the amount of the Purchase Price;
- (b) an Acknowledgement of Liability in the form of Exhibit 6.4(b), by which AEMPT assumes liability for the Assumed Liabilities;
- (c) a certified copy of the resolutions adopted by the Board of Directors of AEMPT authorizing the transactions contemplated by this Agreement;
- (d) the certificates required by Sections 6.1(e) and 6.1(g); and

(e) such other Documents as Zurn may reasonably request.

Section 6.5. Transfer of Full Possession and Enjoyment. Simultaneously with the consummation of transactions contemplated by this Agreement, Zurn, through its officers, agents, and employees, shall put AEMPT into full possession and enjoyment of the Purchased Assets.

Section 6.6. Further Cooperation. Zurn shall execute, acknowledge, and deliver any further assignments, conveyances, and other assurances, documents, and instruments of transfer, reasonably requested by AEMPT, and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by AEMPT for the purpose of assignment, transferring, granting, conveying, and confirming to AEMPT or reducing to possession, any or all Purchased Assets to be conveyed and transferred under this Agreement. If requested by AEMPT, Zurn shall prosecute or otherwise enforce in its own name for the benefit of AEMPT any claims, rights, or benefits that are transferred to AEMPT under this Agreement and that require prosecution or enforcement in Zurn's name. Any prosecution or enforcement of claims, rights, or benefits under this Section shall be solely at AEMPT's expense, unless the prosecution or enforcement is made necessary by a breach of this Agreement by Zurn.

Section 6.7. Title Insurance Premiums; Documentary and Transfer Fees and Taxes; Survey Cost. At or prior to the closing, Zurn shall pay all documentary and other governmental transfer fees and taxes imposed on or in connection with the transactions contemplated by this Agreement (except as otherwise provided in Section 2.5(a)), the cost of the Survey, and all recording charges and fees. Premium for (and any other cost incurred in connection with) issuance of the Title Policy shall be borne by AEMPT.

ARTICLE VII -- POST CLOSING OBLIGATIONS

Section 7.1. Indemnification by Zurn.

(a) Zurn shall indemnify, defend, and hold harmless AEMPT and its parents, affiliates, managers, successors or assigns, directors, officers, employees, and other agents ("AEMPT Indemnified Persons") in respect of (i) any claims, actions, judgments, liabilities, penalties, obligations, orders, losses, damages, or deficiencies arising out of any liability not specifically assumed by AEMPT, or the breach of any representation, warranty, or obligation of Zurn under this Agreement and (ii) costs and expenses (including reasonable legal and accounting fees) related to (i) ("AEMPT Indemnifiable Losses").

(b) Any action by which indemnification is sought hereunder must be brought not later than September 30, 1999. Notwithstanding the expiration of Zurn's obligation to indemnify and defend AEMPT Indemnified Persons under this section, Zurn's obligation to

indemnify, defend and hold harmless with respect to AEMPT Indemnifiable Losses arising from claims by third parties against AEMPT Indemnified Persons for liabilities not specifically assumed by AEMPT hereunder shall survive the closing and remain in effect for the statute of limitations applicable to the third party's claim (with responsibility for defending on the basis of statute of limitations being borne by Zurn). Third parties do not include affiliates, successors, or assigns of AEMPT.

(c) The representations and warranties set forth in Section 4.9 (Environmental Matters) shall survive the closing and remain in effect for seven (7) years, and the representations and warranties set forth in Section 4.8 (Taxes) shall survive the Closing and remain in effect for the applicable statute of limitations.

Section 7.2. Indemnification by AEMPT.

(a) AEMPT shall indemnify and hold harmless Zurn and its directors, officers, employees and other agents ("Zurn Indemnified Persons") in respect of (i) any claims, actions, judgments, liabilities, obligations, losses, damages, or deficiencies arising out of any liability assumed by AEMPT or the breach of any representation, warranty or obligation of AEMPT under this Agreement and (ii) costs and expenses (including reasonable legal and accounting fees) related to (i) ("Zurn Indemnifiable Losses").

(b) Any action by which indemnification is sought hereunder must be brought not later than September 30, 1999. Notwithstanding the expiration of AEMPT's obligation to indemnify and defend Zurn Indemnified Persons under this section, AEMPT's obligation to indemnify, defend and hold harmless with respect to Zurn Indemnifiable Losses arising from claims by third parties against Zurn Indemnified Persons for liabilities assumed by AEMPT hereunder shall survive the closing and remain in effect for the statute of limitations applicable to the third party's claim (with responsibility for defending on the basis of statute of limitations being borne by AEMPT). Third parties do not include affiliates, successors, or assigns of Zurn.

Section 7.3. Notice of Proceedings. In the event that a third party institutes legal proceedings or asserts a claim or demand in respect of which the foregoing obligation to indemnify may arise, the party so advised thereof ("Indemnitee") shall give prompt written notice thereof to the other party ("Indemnitor"), and the Indemnitor shall provide a defense and indemnify the Indemnitee to the extent required by this Agreement. Indemnitee may elect, at its own expense, to be represented by separate, additional counsel of its choice for the purpose of participating in the defense of such proceeding, claim, or demand (but may not settle same without the advance written consent of Indemnitor), and the parties hereby agree fully to cooperate with each other in the defense, negotiation, or settlement of same. No settlement of any dispute or claim may be effected by Indemnitor without the consent of Indemnitee, such consent not to be unreasonably withheld.

Section 7.4. Limitation of Liability. Notwithstanding anything in this Agreement to the contrary, in no event shall AEMPT or Zurn be liable to each other for lost profits, lost revenues, lost opportunity costs, costs of financing, or consequential, punitive, special, or incidental damages. Notwithstanding the foregoing, in the event of a breach of this Agreement, the breaching party shall be liable for the other party's out-of-pocket expenses incurred in connection with the other party's negotiation of and efforts to close this transaction.

Section 7.5. Books and Records. Files and records relating to MPTG transferred to AEMPT shall be available to Zurn during normal business hours. AEMPT agrees to retain such files and records in accordance with the retention periods specified in Exhibit 7.5; provided, however, AEMPT shall not destroy any files or records without first giving at least thirty (30) days written notice of such destruction to Zurn so that Zurn may take possession if desired.

Section 7.6. Survivability. The provisions of this Article shall survive the Closing Date.

ARTICLE VIII -- MISCELLANEOUS

Section 8.1. Brokers. Except for Alex. Brown & Sons, Incorporated (whose fees shall be born solely by Zurn), there is no broker or finder or other person who would have any valid claim against any party hereto for a fee, commission or brokerage in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by any party hereto. If a party to this Agreement directly or through its employees or agents made a commitment to a broker, finder, or other such person, that party shall indemnify and hold harmless the other party to this Agreement from and against all loss, costs, damages, liabilities and expenses (including reasonable attorney and accountant fees) arising from the commitment.

Section 8.2. Public Announcements. Except as required by law, each party hereto shall refrain from issuing any public announcement, statement, or communication regarding the transaction contemplated hereby without first notifying the other party, providing it with a copy of the relevant text thereof, and obtaining the other party's consent, which shall not be unreasonably withheld or delayed.

Section 8.3. Notices, Etc. Any notice, approval, demand, request, waiver or other communication under this Agreement shall be made in writing and shall be deemed to be duly given (i) if served personally, on the date of such service, or (ii) if mailed by regular mail, on the third business day after mailing and (iii) if transmitted for next business day delivery by recognized overnight carrier, on the next business day after tender to the carrier. Such communications shall be sent to the following addresses:

If to AEMPT: American Enterprises MPT, L.P.
9211 Forest Hill Avenue, Suite 109
Richmond, VA 22235
Att'n: Philip Knisely

Copies to: Hogan & Hartson, L.L.P.
111 South Calvert Street
Baltimore, MD 21202
Att'n: Michael J. Silver, Esq.

If to Zurn: Zurn Industries, Inc.
One Zurn Place
Erie, PA 16505
Att'n: General Counsel & Secretary

If to the CPA: Ernst & Young LLP
100 State Street Suite 200
Erie, PA 16507
Att'n: Managing Partner

Notice of changes in the foregoing shall be given in the manner of giving notice of any other communication.

Section 8.4. Assignment. Neither party shall assign its rights hereunder without the prior written consent of the other party.

Section 8.5. Successors. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties.

Section 8.6. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of Pennsylvania.

Section 8.7. Final and Complete Agreement. This Agreement with the exhibits attached hereto sets forth the entire understanding and agreement of the parties concerning the subject-matter hereof and supersedes any and all other understandings, negotiations and agreements relating to the subject matter contained herein. This Agreement may not be modified or amended except by written agreement executed by the parties hereto.

Section 8.8. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which together shall constitute a single agreement.

Section 8.9. Further Assurances. A party shall, at the other party's request, execute and deliver such other instruments of conveyance and transfer, and take such other actions as may be reasonably requested to carry out the terms and provisions of this Agreement.

Section 8.10. Expenses. Each party shall pay its own expenses incident to the preparation, performance, and enforcement of this Agreement except as provided in Section 7.4.

Section 8.11. Waiver. No provision of this Agreement shall be deemed waived without express written acknowledgement by the waiving party. Failure to demand strict performance in one instance shall not be deemed to be a waiver of the right to insist on strict performance in any other instance.

Section 8.12. Parties in Interest. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over against any party to this Agreement.

Section 8.13. Dispute Resolution Procedure. Except as set forth in Section 2.2, any dispute arising out of or relating to this Agreement shall be resolved in accordance with this Section.

(a) Either party may give the other party written notice of any dispute not resolved in the normal course of business. The chief executive officers (or their designees) of the parties shall meet at a mutually acceptable time and place within ten days after delivery of such notice, and thereafter as often as they reasonably believe necessary to attempt to resolve the dispute. If the matter has not been resolved within thirty days from the delivery of notice, or if no meeting of chief executive officers or their designees has taken place within fifteen days after such delivery, either party may initiate mediation under the then-current Center for Public Resources (CPR) Model Procedure for Mediation of Business Disputes. Thereupon, both parties shall be obligated to engage in a mediation. If the parties have not agreed within thirty days of the request for mediation on the selection of a mediator willing to serve, CPR, upon the request of either party, shall appoint a member of the CPR Panels of Neutrals as mediator. Mediation shall be conducted in Pittsburgh, Pennsylvania.

(b) Any dispute that has not been resolved by non-binding means as provided herein within ninety days of delivery of written notice of the dispute as provided in the foregoing paragraph shall be finally settled by arbitration conducted expeditiously in accordance with the CPR Rules for Non-Administered Arbitration of Business Disputes by a sole arbitrator to be selected from the CPR Panel of Neutrals. The arbitration shall be

governed by the United States Arbitration Act, 9 U.S.C. §§1-16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Pittsburgh, Pennsylvania. The arbitrator is not empowered to award consequential damages or any other damages except compensatory damages for breaches of this Agreement.

Section 8.14. No Implied Representation. Notwithstanding anything contained in Article 3 or 4 or any other provision of this Agreement it is the explicit intent of each party hereto that Zurn is making no representation or warranty, express or implied, beyond those expressly given in this Agreement, including but not limited to any implied warranty or representation as to condition, merchantability or suitability as to any of the properties or assets of the business of MPTG. It is understood that any cost estimates, projections, or other predictions contained or referred to in the exhibits hereto or in the materials that have been provided to AEMPT are not and shall not be deemed to be representations or warranties of Zurn.

Section 8.15. Severability. If any provision of this Agreement is held to be invalid or unenforceable by any court or arbitration panel of competent jurisdiction, it is the intent of the parties that all other provisions of this Agreement shall be construed to remain fully valid, enforceable, and binding on the parties; provided, however, that the parties shall negotiate in good faith with respect to an equitable modification of the provision held to be invalid, so as to replace it as nearly as may be possible with a provision having the same commercial or practical effect.

IN WITNESS WHEREOF, duly authorized officers of the parties have set their hands hereto on the date first written above.

AMERICAN ENTERPRISES MPT, L. P.

BY: [Signature]
ITS: President

ZURN INDUSTRIES, INC.

BY: [Signature]
ITS: Group Vice President

AMERICAN ENTERPRISES MPT, L.P.

ACQUISITION OF
ZURN INDUSTRIES
MECHANICAL POWER
TRANSMISSION GROUP

DECEMBER 13, 1996

VOLUME I

EXHIBIT 2.3(d)(ii)

OTHER ASSETS

(1) Trademarks

•	<u>Centric</u>		
•	CENTRIC	UK/N.Ireland	1,259,254
•	CENTRIC	Canada	324,230
•	CENTRIC	US	1,365,217
•	<u>Marland</u>		
•	CEBMAG	US	1,352,217
•	CECON	US	949,733
•	<u>MDD</u>		
•	AMERICAN	Canada	179/45654
•	AMERICAN	US	529,539
•	AMERIDISC	US	802,185
•	AMERIFLEX	US	1,000,720
•	AMERIGEAR	Italy	314,399
•	AMERIGEAR	US	586,721
•	AMERIGEAR	Canada	169-43128
•	THE AMERIGEAR FULLY CROWNED TOOTH	US	586,723
•	SYNCHROGEAR	US	705,192
•	ZURN (modern)	US	1,141,057
•	Zurn (old)	Canada	172/43783

(2) Patents

•	<u>Marland</u>		
•	One Way Clutch with Overriding Mechanical Clutch		5,158,164
•	Exercise Machine and Transmission Therefore		5,139,469

(3) Copyrights

(4) Trade names, service marks, and applications

(5) Existing unshipped customer orders, sales quotes, and purchase orders

- Additional relevant information is available for inspection at each of the MPTG businesses.

PATENT