U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2002

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ---------- to

Commission File Number 0-11676

BEL FUSE INC.
(Exact name of registrant as specified in its charter)

New Jersey	22-1463699
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

206 Van Vorst Street, Jersey City, New Jersey 07302
(201) 432-0463
(Address and telephone number, including area code, of registrant's principal executive office)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Class A Common Stock, $.10 par value; Class B Common Stock, $.10 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) Yes X No

The aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates (for this purpose, persons and entities other than executive officers, directors, and 5% or more shareholders) of the registrant, as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2002), was $225,135,000.

Number of shares of Common Stock outstanding as of February 28, 2003: 2,676,225 Class A Common Stock; 8,272,492 Class B Common Stock

Documents incorporated by reference:

Bel Fuse Inc.'s Definitive Proxy Statement for the 2003 Annual Meeting of Stockholders is incorporated by reference into Part III.

BEL FUSE INC.

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FORWARD LOOKING INFORMATION

The Company's quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability, including the following: (a) the dramatic impact of current conditions in the telecommunication market on the Company's customers; (b) the general conditions in the electronics industry; (c) the risk that the Company may be unable to respond adequately to rapidly changing technology developments in its industry; (d) risks associated with the Company's Far East operations; (e) the highly competitive nature of the Company's industry and the impact that competitors' new products and pricing may have upon the Company; (f) the likelihood that revenues may vary significantly from one accounting period to another accounting period due to a variety of factors, including customers' buying decisions, the Company's product mix and general market and economic conditions; (g) the Company's reliance on certain substantial customers; (h) risks associated with the Company's ability to manufacture and deliver products in a manner that is responsive to its customers' needs; (i) the risk of foreign currency fluctuations; (j) the uncertainties associated with current geo-political conditions and (k) other market and competitive factors impacting the Company's customers. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, financial condition, operating results, and stock prices. Furthermore, this document and other documents filed by the Company with the Securities and Exchange Commission (the "SEC") contain certain Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995 ("Forward-Looking Statements") with respect to the business of the Company. These Forward-Looking Statements are subject to certain risks and uncertainties, including those mentioned above, and those detailed in Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2002, which could cause actual results to differ materially from its Forward-Looking Statements. The Company undertakes no obligation to publicly release the results of any revisions to these Forward-Looking Statements which may be necessary to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. An investment in the Company involves various risks, including those mentioned above and those which are detailed from time to time in the Company's SEC filings.

PART I

Item 1. Business

General

Bel Fuse Inc. (the "Company") is organized under New Jersey law. The Company does not have reportable segments as defined in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information". The Company is engaged in the design, manufacture and sale of products used in networking, telecommunication, automotive and consumer electronic applications. The Company operates facilities in the United States, Europe and the Far East. The Company maintains its principal executive offices at 206 Van Vorst Street, Jersey City, New Jersey 07302; telephone (201) 432-0463. The term "Company" as used in this Annual Report on Form 10-K refers to Bel Fuse Inc. and its consolidated subsidiaries unless otherwise specified.

On December 15, 2002 the Company entered into a definitive agreement with Insilco Technologies, Inc. ("Insilco") for the purchase by the Company of certain assets, subject to certain liabilities, and common shares of entities comprising Insilco's passive component group for $35 million in cash plus the assumption of certain liablilities. On March 10, 2003 the Bankruptcy Court entered an order approving this agreement. This approval order authorizes Insilco to consummate the sale of assets and common shares of various entities of Insilco to the Company, subject to certain assumed liabilities and free and clear of all encumbrances on Insilco's U.S. operations. The Company closed on this acquisition on March 21, 2003.

On January 2, 2003 the Company entered into an asset purchase agreement with Advanced Power Components PLC ("APC") to purchase the communications products division of APC for $5.5 million in cash plus the assumption of certain liabilities. The Company will be required to make contingent purchase price payments equal to 5% of sales (as defined) in excess of $5.5 million per year for the years 2003 and 2004.

The transactions will be accounted for using the purchase method of accounting and, accordingly, the results of operations of Insilco will be included in the Company's financial statements from March 21, 2003 and the results of operations of APC will be included in the Company's financial statements from January 2, 2003.

On May 11, 2001, the Company acquired 100% of the common stock of E-Power Ltd. ("E-Power") and the assets and business of Current Concepts, Inc. ("Current Concepts") for an aggregate $6,285,000 in cash (including acquisition expenses). The Company will be required to make contingent purchase price payments up to approximately $7.6 million should the acquired companies reach various sales levels. During the year ended December 31, 2002 the Company paid $61,000 in contingent purchase price payments. The transactions were accounted for using the purchase method of accounting and, accordingly, the results of operations of Current Concepts and E-Power have been included in the Company's financial statements since the date of acquisition. The excess of the purchase price over net assets acquired ($2.0 million) and other identifiable intangible assets ($3.7 million) approximated $5.7 million. The identifiable intangible assets, other than goodwill, are being amortized on a straight-line basis over 4 to 10 years. Goodwill has been amortized based on a 15 year life from May 11, 2001 through December 31, 2001. After January 1, 2002, in accordance with the provisions of Financial Accounting Standards Board Opinion No. 142, the Company ceased amortization of goodwill and will review goodwill at least annually for impairment. See Note 1 of notes to consolidated financial statements.

Product Groups

Power Products

In 2001, the Company entered into the market for power conversion products focusing on providing non-isolated DC/DC converters designed specifically to power low voltage silicon devices. The need for converting one DC voltage to another is growing rapidly as the developers of integrated circuits are now commonly adjusting the supply voltage as a means of optimizing device performance. The Company develops both standard and custom DC/DC converters. These products leverage the Company's existing manufacturing capabilities and are marketed primarily to the Company's existing customer base.

Magnetic Components

The Company manufactures a broad range of magnetic components used in networking, telecommunications, high speed data transmission equipment, automotive and consumer products. These wire-wound devices perform such functions as signal delay, signal timing, signal conditioning, impedance matching, filtering, isolation, power conversion and power transfer. Transformers for networking and telecommunication applications are developed based on market requirements for emerging technologies, often to support an integrated circuit (IC) design.

Integrated Connector Modules

These modules combine the Company's magnetic components with combinations of RJ45 and USB connectors. In addition to connectivity, these modules provide the signal conditioning, electro-magnetic interference suppression and signal isolation which were previously performed by multiple, discrete components.

Value-added Modules

The Company supplies value-added modules to end users whose requirements can be satisfied by combining in one integrated package one or more of the Company's capabilities in surface mount assembly, automatic winding, hybrid fabrication and component encapsulation.

Miniature, Micro and Chip Fuses

Fuses prevent currents in an electrical or electronic circuit from exceeding certain predetermined levels. Fuses act as a safety valve to protect expensive components from damage or to cut off high currents before they can generate enough heat to cause smoke or fire. The Company manufactures miniature and micro fuses for supplementary circuit protection. The Company sells its fuses to a worldwide market. They are used in such products as televisions, VCR's, power supplies, computers, telephones and networking equipment.

Marketing

The Company sells its products to approximately 1,000 customers throughout North America, Western Europe and the Far East. Sales are made through independent sales representative organizations and authorized distributors who are overseen by the Company's sales personnel throughout the world. As of December 31, 2002, the Company had a sales and support staff of 18 persons that supported 59 sales representative organizations and 1 non-exclusive distributor.

The Company has written agreements with all of its sales representative organizations and major distributor. Written agreements terminable on short notice by either party, of the type utilized by the Company, are standard in the industry.

Finished products manufactured by the Company in its Far East facilities are, in general, either sold to the Company's Jersey City facility for resale to customers in the Americas or are shipped directly to other customers throughout the world. For further information regarding the Company's geographic operations, see Note 7 of Notes to Consolidated Financial Statements.

The Company had sales to two customers in excess of ten percent of 2002 consolidated sales. The amounts and percentages of the Company's sales were $11,606,000 (12.1%) and $11,410,000 (11.9%). The loss of either or both of these customers would have a material adverse effect on the Company's results of operations, financial position and cash flows.

Research and Development

The Company's research and development efforts in 2002 were spread among all of the Company's current product groups. The Company's research and development facilities are located in California, Indiana, Massachusetts, Hong Kong and China. In addition to its research and development efforts, the Company maintains continuing programs to improve the reliability of its products and to design specialized assembly equipment to increase manufacturing efficiencies. Research and development costs amounted to $6,174,000 in 2002. The Company plans to close its Indiana facility by June 30, 2003 and closed its Texas facility during the fourth quarter of 2002. Such closings are not expected to materially impact the level of the Company's spending on research and development efforts. The Company purchased property in San Diego, California where its research and development facility is located. The Company's statement regarding its plans to close its Indiana facility constitutes a Forward-Looking Statement. Actual experience could differ materially from such statements for a variety of factors, including applicable legal and regulatory requirements and other logistical issues.

Suppliers

The Company has multiple suppliers for most of the raw materials that it purchases. Where possible, the Company has contractual agreements with suppliers to assure a continuing supply of critical components.

With respect to those items which are purchased from single sources, the Company believes that comparable items would be available in the event that there were a termination of the Company's existing business relationships with any such supplier. While such a termination could produce a disruption in production, the Company believes that the termination of business with any one of its suppliers would not have a material adverse effect on its long-term operations. Actual experience could differ materially from this belief as a result of a number of factors, including the time required to locate an alternative source and the nature of the demand for the Company's products. In the past the Company has experienced shortages in certain raw materials, such as capacitors and ferrites, when these materials were in great demand. Even though the Company may have more than one supplier for certain materials, it is possible that these materials may not be available to the Company in sufficient quantities or at the times desired by the Company.

Backlog

The Company manufactures products against firm orders and projected usage by customers. Cancellation and return arrangements are either negotiated by the Company on a transactional basis or contractually determined. The Company's backlog of orders as of February 25, 2003 was approximately $14.3 million, as compared with a backlog of $13.0 million as of February 25, 2002. Management expects that all of the Company's backlog as of February 25, 2003 will be shipped by December 31, 2003. Such expectation constitutes a Forward-Looking Statement. Factors that could cause the Company to fail to ship all such orders by year-end include unanticipated supply difficulties, changes in customer demand and new customer designs. The Company's major customers have negotiated shorter lead times on purchase orders and have implemented consignment inventory programs with the goal of reducing their inventories. Accordingly, backlog is no longer as reliable an indicator of the timing of future sales as it has been in the past.

Trademarks and Patents

The Company has been granted a number of U.S. patents and has additional U.S. patent applications pending relating to its products. While the Company believes that the issued patents are defendable and that the pending patent applications relate to patentable inventions, there can be no assurance that a patent will be obtained from the applications or that its existing patents can be successfully defended. It is management's opinion that the successful continuation and operation of the Company's business does not depend upon the ownership of patents or the granting of pending patent applications, but upon the innovative skills, technical competence and marketing and managerial abilities of its personnel. The patents have a life of seventeen years from the date of issue or twenty years from filing of patent applications. The Company's existing patents expire on various dates from March 11, 2006 to February 15, 2021.

The Company utilizes eight U.S. registered trademarks - BELFUSE, BEL, BELMAG, BELSTACK, BELSTICK, BELCOMBO, SURFUSE and COMPONENTS FOR A CONNECTED PLANET- to identify various products that it manufactures. The trademarks survive as long as they are in use and the registrations of these trademarks are renewed.

Competition

The Company's business is highly competitive. There are numerous independent companies and divisions of major companies which manufacture products that are competitive with one or more of the Company's products. Some of the Company's competitors possess greater financial, marketing and other resources than those available to the Company. The Company's ability to compete is dependent upon several factors, including product performance, quality, reliability, design and price.

Employees

As of December 31, 2002, the Company had 940 full-time employees. The Company employed 84 people in its U.S. facilities and 856 throughout the rest of the world, excluding workers supplied by independent contractors. The Company's employees are not represented by any labor union. The Company believes that its relations with employees are satisfactory.

Website Disclosure

The Company makes available free of charge on it website, www.belfuse.com, all materials that it files electronically with the Securities and Exchange Commission, including its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after the Company electronically files or furnishes such materials to the SEC.

Item 2. Properties

The Company currently occupies approximately 689,000 square feet of manufacturing, warehouse, office, technical and staff quarter space worldwide. In addition to the Company's principal corporate offices in New Jersey, the Company maintains facilities in The People's Republic of China and its Special Administrative Regions ("SAR") of Hong Kong and Macau in the Far East, in California, Massachusetts and Indiana in the U.S.A. and in the United Kingdom in Europe. The Company also owns an idle facility of 46,300 square feet in Illinois. Approximately 33% of the 689,000 square feet the Company occupies is owned, while the remainder is leased. The Company closed its Texas facility during the fourth quarter of 2002 and plans to close its Indiana facility by the end of the second quarter of 2003 and relocate the employees to California. The statements regarding its plans to close facilities and relocate them constitute Forward-Looking Statements. Actual experience could differ materially from such statements for a variety of factors, including applicable legal and regulatory requirements and other logistical issues. See Note 11 of Notes to Consolidated Financial Statements for additional information pertaining to leased properties.

Item 3. Legal Proceedings

a) The Company commenced an arbitration proceeding before the American Arbitration Association against Lucent Technologies, Inc. in or about December 2000. The arbitration arises out of an Agreement for the Purchase and Sale of Assets, dated October 2, 1998 (the "Asset Purchase Agreement"), among Bel Fuse Inc., Lucent Technologies, Inc. and Lucent Technologies Maquiladores, Inc., and a related Global Procurement Agreement, dated October 2, 1998 (the "Supply Agreement"), between Lucent Technologies, Inc., as Buyer, and Bel Fuse Inc., as Supplier. Pursuant to the Asset Purchase Agreement, the Company purchased substantially all of the assets of Lucent's signal transformer business. Pursuant to the Supply Agreement, Lucent agreed that except for limited instances where Lucent was obligated to purchase product elsewhere, for a term of 3 1/2 years, Lucent would be obligated, on an as required basis, to purchase from the Company all of Lucent's requirements for signal transformer products. The Supply Agreement also provided that the Company would be given the opportunity to furnish quotations for the sale of other products.

The Company is seeking monetary damages for alleged breaches by Lucent of the Asset Purchase Agreement and the Supply Agreement. In its answer, Lucent denied many of the material allegations made by the Company and also asserted two counterclaims. The counterclaims seek recovery for alleged losses, including loss of revenue, sustained by Lucent as a result of the Company's alleged breach of various provisions of the Supply Agreement. The parties are currently engaged in extensive discovery proceedings. The Company believes it has substantial and meritorious claims against Lucent and substantial and meritorious defenses to Lucent's counterclaims. However, the Company cannot predict how the arbitrator will decide this matter and whether it will have a material effect on the Company's consolidated financial statements.

b) The Company has received a letter from a third party which states that its patent covers certain of the Company's modular jack products and indicates the third party's willingness to grant a non-exclusive license to the Company under the patent. The Company believes that none of its products are covered by this particular patent.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's shareholders during the fourth quarter of 2002.

Item 4A. Executive Officers of the Registrant

The following table and biographical outlines set forth the positions and offices within the Company presently held by each executive officer of the Company and a brief account of the business experience of each such officer for the past five years.

Name and Age	Officer Since	Positions and Offices With the Company/ Business Experience
Daniel Bernstein, 49	1985	President, Chief Executive Officer and Director
Robert H. Simandl, 74	1967	Secretary and Director
Colin Dunn, 58	1992	Vice President of Finance and Treasurer
Joseph Meccariello, 52	1995	Vice President of Manufacturing
Dennis Ackerman, 40	2001	Vice President of Operations
Dwayne Vasquez, 40	2001	Vice President of Sales

Daniel Bernstein has served the Company as President since June 1992. He previously served as Vice President (1985-1992) and Treasurer (1986-1992) and has served as a Director since 1986. He has occupied other positions with the Company since 1978. He was appointed Managing Director of the Company's Macau subsidiary during 1991.

Robert H. Simandl, a Director and Secretary of the Company since 1967, is a member of the law firm of Robert H. Simandl, Counselor At Law. He has been a practicing attorney in New Jersey since 1953.

Colin Dunn joined the Company in 1991 as Finance Manager and in 1992 was named Vice President of Finance and Treasurer. He is currently a director of Bel Fuse Ltd and Bel Fuse Macau LDA. Prior to joining the Company, Mr. Dunn was Vice President of Finance and Operations at Kentek Information Systems, Inc. from 1985 to 1991 and had previously held a series of senior management positions with Braintech Inc. and Weyerhaeuser Company.

Joseph Meccariello joined the Company in 1979 as a Manager of Mechanical Engineering and in 1994 became the Deputy Managing Director of the Company's Hong Kong subsidiary, Bel Fuse, Ltd. In 1995 he was named Vice President of Manufacturing with responsibility for Far East production operations.

Dennis Ackerman joined the Company in 1986 and has held the positions of customer service manager, sales manager, purchasing manager and operations manager. In 2001 he was named Vice President of Operations.

Dwayne Vasquez joined the Company in 2001 as Director of Sales. In October 2001 he was promoted to Vice President of Sales with responsibility for the Company's worldwide sales organization. From 1997 to 2001 he was Director of Sales and Marketing at Ericson Microelectronics, Power Module Division in Richardson, Texas where he was responsible for driving revenue in the DC/DC and Board Mounted Power product markets.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

(a) Market Information

On July 9, 1998 the shareholders approved an amendment to the Company's Certificate of Incorporation authorizing a new voting Class A Common Stock, par value $.10 per share, and a new non-voting Class B Common Stock, par value $.10 per share ("Class A" and "Class B," respectively), which are traded on the NASDAQ National Market. The following table sets forth the high and low closing sales price range (as reported by National Quotation Bureau, Inc.) for the Common Stock on NASDAQ for each quarter during the past two years.

	Class A High	Class A Low	Class B High	Class B Low
Year Ended December 31, 2001				
First Quarter	$39.75	$19.75	$39.94	$20.00
Second Quarter	31.75	20.25	33.50	20.57
Third Quarter	30.00	17.55	31.45	18.55
Fourth Quarter	24.25	18.00	26.69	19.25
Year Ended December 31, 2002				
First Quarter	$26.05	$19.50	$26.80	$21.69
Second Quarter	24.84	22.00	27.80	23.72
Third Quarter	23.50	16.00	27.00	19.44
Fourth Quarter	18.74	14.61	21.85	16.97

The Common Stock is reported under the symbols BELFA and BELFB in the NASDAQ National Market.

(b) Holders

As of February 28, 2003 there were 138 registered shareholders of the Company's Class A Common Stock and 152 registered shareholders of the Company's Class B Common Stock. The Company estimates that there were 1,922 beneficial shareholders of Class A Common Stock and 4,251 beneficial shareholders of Class B Common Stock as of February 28, 2003.

(c) Dividends

There are no contractual restrictions on the Company's ability to pay dividends. On February 1, 2002, May 1, 2002, August 1, 2002, and November 1, 2002 the Company paid a $.05 per share dividend to all shareholders of record of Class B Common Stock in the total amount of $404,351, $410,199, $410,874, and $411,299, respectively. On February 1, 2001, May 1, 2001, August 1, 2001 and November 1, 2001, the Company paid a $.05 per share dividend to all shareholders of record of Class B Common Stock in the total amount of $399,070, $400,036, $402,150 and $402,304, respectively. On February 1, 2003 the Company paid a $.05 per share dividend to all shareholders of record at January 13, 2003 of Class B Common Stock in the total amount of $411,674.

Item 6. Selected Financial Data

Years Ended December 31,					
	2002	2001	2000	1999	1998
	(In thousands of dollars, except per share data)				
~~Selected Statements of Operations Data: (a) Net sales~~	~~$95,528~~	~~$96,045~~	~~$145,227~~	~~$119,464~~	~~$90,754~~
~~Cost of sales~~	~~72,420~~	~~89,603~~	~~88,479~~	~~76,113~~	~~58,654~~
~~Selling, general and administrative expenses~~	~~22,270~~	~~21,561~~	~~23,284~~	~~19,502~~	~~16,648~~
~~Other income - net~~	~~(b) 940~~	~~2,411~~	~~3,912~~	~~878~~	~~1,579~~
~~Earnings (loss) before income taxes~~	~~1,778~~	~~(12,709)~~	~~37,376~~	~~24,727~~	~~17,031~~
~~Income tax provision (benefit)~~	~~1,199~~	~~(547)~~	~~5,159~~	~~3,435~~	~~1,813~~
~~Net earnings (loss)~~	~~579~~	~~(12,162)~~	~~32,217~~	~~21,292~~	~~15,218~~
~~Earnings (loss) per common share - basic (c)~~	~~0.05~~	~~(1.13)~~	~~3.04~~	~~2.03~~	~~1.47~~
~~Earnings (loss) per common share - diluted (c)~~	~~0.05~~	~~(1.13)~~	~~2.94~~	~~1.98~~	~~1.45~~
~~Cash dividends declared per Class B common share~~	~~0.2~~	~~0.2~~	~~0.2~~	~~0.2~~	~~—~~

As of December 31,					
-	2002	2001	2000	1999	1998
-	-	-	-	-	-

-- (In thousands of dollars, except per share data)					
Selected Balance Sheet Data:					
Working capital	$ 82,789	$ 83,698	$ 97,720	$ 66,768	$ 40,899
Total assets	146,893	147,517	169,513	125,138	103,625
Stockholders' equity	130,659	129,463	141,016	110,254	88,806
Book value per share (b)	11.95	12.02	13.25	10.46	8.56
Return on average total assets, %	0.4	(7.6)	21.87	18.25	12.50
Return on average Stockholders' equity, %	0.44	(8.8)	25.64	20.93	19.00

(a) On May 11, 2001, the Company acquired 100% of the common stock of E-Power Ltd ("E-Power") and the assets and business of Current Concepts, Inc. ("Current Concepts") for an aggregate of $6,285 in cash (including acquisition expenses). During the year ended December 31, 2002 the Company paid $61 in contingent purchase price payments. The transactions were accounted for using the purchase method of accounting and, accordingly, the results of operations of Current Concepts and E-Power have been included in the Company's financial statements since the date of acquisition.

(b) Includes gains of $1,081 from the sale of marketable securities during 2000.

(c) After giving retroactive effect to a two for one stock split payable in the form of a dividend on December 1, 1999.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to infer any conclusion that such results, causes or trends will necessarily continue in the future.

Critical Accounting Policies
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The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, investments, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making

judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The Company makes purchasing decisions principally based upon firm sales orders from customers, the availability and pricing of raw materials and projected customer requirements. Future events that could adversely affect these decisions and result in significant charges to the Company's operations include slow down in customer demand as the Company is currently experiencing, customers delaying the issuance of sales orders to the Company, miscalculating customer requirements, technology changes which render the raw materials and finished goods obsolete, and cancellation or loss of customers and/or cancellation of sales orders. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon the aforementioned assumptions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

The Company seeks sales and profit growth by expanding its existing customer base, developing new products and by pursuing strategic acquisitions that meet the Company's criteria relating to the market for the products: the Company's ability to efficiently manufacture the product; synergies that are created by the acquisition; and a purchase price that represents fair value. If the Company's evaluation of a target company misjudges its technology, estimated future sales and profitability levels, or ability to keep pace with the latest technology, these factors could impair the value of the investment, which could materially adversely affect the Company's profitability.

The Company files income tax returns in every jurisdiction in which it has reason to believe it is subject to tax. Historically, the Company has been subject to examination by various taxing jurisdictions. To date, none of these examinations has resulted in any material additional tax. Nonetheless, any tax jurisdiction may contend that a filing position claimed by the Company regarding one or more of its transactions is contrary to that jurisdiction's laws or regulations.

Results of Operations
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The following table sets forth, for the past three years, the percentage relationship to net sales of certain items included in the Company's consolidated statements of operations.

	Percentage of Net Sales		
	Years Ended December 31,		
	2002	2001	2000
Net sales	100.0%	100.0%	100.0%
Cost of sales	75.8	93.3	60.9
Selling, general and administrative expenses	23.3	22.4	16.0
Other income, net of interest expense	1.0	2.5	2.7
Earnings (loss) before income taxes	1.9	(13.2)	25.8
Income tax provision (benefit)	1.3	(0.6)	3.6
Net earnings (loss)	0.6	(12.6)	22.2

	Increase (decrease) from Prior Period	
	2002 compared with 2001	2001 compared with 2000
Net sales	(0.5)%	(33.9)%
Cost of sales	(19.2)	1.3
Selling, general and administrative expenses	3.3	(7.4)
Net earnings	104.8	(137.8)

Sales
- -----

Net sales decreased .5% from approximately $96.0 million in 2001 to approximately $95.5 million in 2002. The Company attributes this decrease to the decline in demand affecting the global electronics industry. Although all product lines experienced sales decreases except for integrated connector modules ("ICM"), the telecommunications line was particularly depressed. The Company has experienced price degradation as customers have taken aggressive price positions.

Net sales decreased 33.9% from approximately $145.2 million in 2000 to approximately $96.0 million in 2001. The Company attributes this decrease to the decline in demand affecting the global electronics industry. Although all product lines experienced sales decreases except for integrated connector modules ("ICM"), the telecommunications and networking segments were particularly depressed. The Company is experienced both volume reductions and price degradation as the number of manufacturers with saleable products increased and customers took aggressive price positions.

Cost of Sales

Cost of sales as a percentage of net sales decreased from 93.3% in 2001 to 75.8% in 2002. The decrease in the cost of sales percentage is primarily attributable to a $14.6 million inventory write-off of surplus and obsolete inventory and non-cancelable purchase commitments during the year ended December 31, 2001 and cost containment measures implemented by the Company that positively affected the year ended December 31, 2002, offset in part by manufacturing inefficiencies due to reduced sales volume and a change in the Company's sales mix. During the year ended December 31, 2002, the Company reduced its reserve for purchase commitments by approximately $1.9 million. This reserve was established during the second quarter of 2001 and was part of the $12.0 million inventory write-off incurred by the Company. Additionally, the Company increased its inventory reserves by approximately $2.6 million for surplus and obsolete inventory during the year ended December 31, 2002. The Company's product mix during the year ended December 31, 2002 contained a relatively significant percentage of products that have a high material content. Such products do not produce margins as high as the Company's traditional products.

The Company incurred approximately $.8 million of severance and employee relocation costs during the year ended December 31, 2002.

Cost of sales as a percentage of net sales increased from 60.9% in 2000 to 93.3% in 2001. The increase in the cost of sales percentage was primarily attributable to a $14.6 million inventory write-off of surplus and obsolete inventory and estimated losses on non-cancelable purchase commitments. This provision reflected the Company's assessment of then current business levels and its belief that its customers would ultimately seek next generation products when and if a recovery occurs. Additionally, the Company incurred a charge during the fourth quarter of 2001 in the total amount of $5.6 million for the write-down of fixed assets due to changing customer preferences and projected lower volumes in mature product lines and other charges related to the consolidation of the Company's engineering facilities. Also contributing to the increase in cost of sales were manufacturing inefficiencies due to reduced sales volume and sales with lower or no gross profit margins.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales increased from 22.4% in 2001 to 23.3% in 2002. Selling, general and administrative expenses increased in dollar amount by approximately 3.3%. The Company attributes the increase in the dollar amount of such expenses primarily to a goodwill impairment charge of approximately $5.2 million offset, in part, by cost containment measures implemented by the Company which included reduced salaries, the elimination of the amortization of goodwill of approximately$791,000 and a decrease in the amortization of other intangibles of approximately $661,000.

The percentage relationship of selling, general and administrative expenses to net sales increased from 16.0% in 2000 to 22.4% in 2001. The Company attributes the percentage increase primarily to decreased sales. Selling, general and administrative expenses decreased in dollar amount by approximately 7.4%. The Company attributes the decrease in dollar amount of such expenses to reduced sales and marketing salaries and related expenses, offset in part by a salary continuance of approximately $700,000 due under the terms of the late Chairman of the Board's employment agreement and a charge in the amount of $533,000 related to the modification of the terms of certain non-qualified incentive stock options held by the estate of the Chairman of the Board. The Company's Chairman passed away in July 2001. Additionally, the Company incurred severance costs in the Far East of $460,000.

Other Income - net

Other income, consisting principally of a gain on the sale of marketable securities during 2001 and interest earned on cash and cash equivalents, decreased by approximately $1.5 million during the year 2002 compared to the year 2001 The decrease is due to lower interest rates earned on cash and cash equivalents.

Other income, consisting principally of a gain on the sale of marketable securities during 2000 and interest earned on cash and cash equivalents, decreased by approximately $1.5 million during the year 2001 compared to the year 2000. The decrease is due to the $1.0 million gain on the sale of marketable securities during 2000 and lower interest income due to lower interest rates earned on cash and cash equivalents despite higher cash and cash equivalent balances during 2001.

Provision for Income Taxes

The Company has historically followed a practice of reinvesting a portion of the earnings of foreign subsidiaries in the expansion of its foreign operations. If the unrepatriated earnings were distributed to the parent corporation rather than reinvested in the Far East, such funds would be subject to United States Federal income taxes. Management has identified $21.4 million of foreign earnings that may not be permanently reinvested. Deferred income taxes in the amount of approximately $6.4 million have been provided on such earnings ($.4 million during 2002, $(.1) million during 2001 and $2.1 million during 2000) through December 31, 2002.

The Company files income tax returns in every jurisdiction in which it has reason to believe it is subject to tax. Historically, the Company has been subject to examination by various taxing jurisdictions. To date, none of these examinations has resulted in any material additional tax. Nonetheless, any tax jurisdiction may contend that a filing position claimed by the Company regarding one or more of its transactions is contrary to that jurisdiction's laws or regulations.

The provision (benefit) for income taxes for 2002 was 1,199,000 as compared to $(547,000) for 2001. The increase in the provision is due primarily to the Company's earnings before income taxes for the year ended December 31, 2002 versus a loss before income taxes for the year ended December 31, 2001.

The provision (benefit) for income taxes for 2001 was $(547,000) as compared to $5,159,000 for 2000. The decrease in the provision is due primarily to foreign losses arising from inventory write-downs, United States and foreign losses arising from fixed asset write-offs and severance related expenses in 2001 and lower United States taxes resulting from the gain on the sale of marketable securities in 2000 versus 2001 offset, in part, by pretax profit in 2001 before these charges.

The Company's effective tax rate has generally been lower than the statutory United States corporate rate primarily as a result of the lower tax rates in Hong Kong and Macau.

Cost Control Measures
- ---

In light of the current market in the Company's industry, the Company continues to review its operating structures in efforts to control costs. Such measures can be expected to result in a restructuring of the Company's operations and the recognition of related restructuring charges in future periods. The Company incurred severance and employee relocation charges of approximately $.8 million during the year ended December 31, 2002.

Inflation

During the past two years, the effect of inflation on the Company's operations was not material. Historically, fluctuations of the U.S. dollar against other major currencies have not significantly affected the Company's foreign operations as most transactions have been denominated in U.S. dollars or currencies linked to the U.S. dollar.

Liquidity and Capital Resources

Historically, the Company has financed its capital expenditures through cash flows from operating activities. Management believes that the cash flow from operations, combined with its existing capital base and the Company's available lines of credit, will be sufficient to fund its operations for the near term. Such statement constitutes a Forward-Looking Statement. Factors which could cause the Company to require additional capital include, among other things, a further softening in the demand for the Company's existing products, an inability to respond to customer demand for new products, potential acquisitions requiring substantial capital, future expansion of the Company's operations and net losses that could result in net cash being used in operating, investing and/or financing activities which result in net decreases in cash and cash equivalents. Net losses may result in the loss of domestic and foreign credit facilities and preclude the Company from raising debt or equity financing in the open markets.

The Company has two domestic lines of credit amounting to $11,000,000 which were unused at December 31, 2002. An unsecured $1 million line of credit is renewable annually. The $10 million line of credit expires on March 21, 2006. Borrowings under the $10 million line of credit are secured by a first priority lien on all personal property of Bel Fuse Inc. and its subsidiaries.

On March 21, 2003 the Company negotiated an additional $10 million secured term loan. The term loan was used to finance the Company's acquisition of the Passive Components division of Insilco Holdings Company, Inc. The $10 million term loan will fully amortize in 20 equal quarterly installments of principal with a final maturity of March 21, 2008. Interest at 3.75% is payable monthly. The term loan is guaranteed by Bel Fuse Inc. and its domestic subsidiaries. The term loan is collateralized with a first priority lien on 65% of all of the issued and outstanding shares of the capital stock of the foreign subsidiaries of Bel Fuse Inc. and all other personal property of Bel Fuse Inc.

The Company's Hong Kong subsidiary has an unsecured line of credit of approximately $2,000,000, which was unused at December 31, 2002. The line of credit expires on December 31, 2003. Borrowing on the line of credit is guaranteed by the U.S. parent.

For information regarding further commitments under the Company's operating leases, see Note 11 of Notes to the Company's Consolidated Financial Statements.

On December 15, 2002 the Company entered into a definitive agreement with Insilco Technologies, Inc. ("Insilco") for the purchase by the Company of certain assets, subject to certain liabilities, and common shares of entities comprising Insilco's passive component group for $35 million in cash plus the assumption of certain liabilities. On March 10, 2003 the Bankruptcy Court entered an order approving this agreement. This approval order authorizes Insilco to consummate the sale of assets and common shares of various entities of Insilco to the Company, subject to certain assumed liabilities and free and clear of all encumbrances on Insilco's U.S. operations. The Company closed on this acquisition on March 21, 2003.

On January 2, 2003 the Company entered into an asset purchase agreement with Advanced Power Components PLC ("APC") to purchase the communications products division of APC for $5.5 million in cash plus the assumption of certain liabilities. The Company will be required to make contingent purchase price payments equal to 5% of sales, as defined, in excess of $5.5 million per year for the years 2003 and 2004.

The transactions will be accounted for using the purchase method of accounting and, accordingly, the results of operations of Insilco will be included in the Company's financial statements from March 21, 2003 and the results of operations of APC will be included in the Company's financial statements from January 2, 2003.

On May 11, 2001, the Company acquired 100% of the common stock of E-Power Ltd. ("E-Power") and the assets and business of Current Concepts, Inc. ("Current Concepts") for an aggregate of $6,285,000 in cash (including acquisition expenses). The Company will be required to make contingent purchase price payments up to approximately $7.6 million should the acquired companies reach various sales levels. The transactions were accounted for using the purchase method of accounting and, accordingly, the results of operations of Current Concepts and E-Power have been included in the Company's financial statements since the date of acquisition. The excess of the purchase price over the net assets acquired ($2.0 million) and other intangible assets ($3.7 million) is approximately $5.7 million. The identifiable intangible assets, other than goodwill, are being amortized on a straight-line basis over 4 to 10 years. Goodwill has been amortized based on a 15 year life from May 11, 2001 through December 31, 2001. Effective January 1, 2002, in accordance with the provisions of Financial Accounting Standards Board Opinion No. 142, the Company ceased amortization of goodwill and will review goodwill at least annually for impairment. See Note 1 of notes to the consolidated financial statements.

On July 29, 2002 the Company purchased a building in San Diego, CA for approximately $2.5 million. The Company moved its domestic research and development operations to this facility in December 2002 after making approximately $.7 million in improvements to the facility.

During 2001 the Chairman of the Board passed away. Under the terms of his employment agreement dated October 29, 1997, the Company is obligated to pay his Estate the balance due on his employment agreement which approximates $895,000 (of which $195,000 was expensed in prior years) through December 31, 2003 plus health insurance benefits. In addition, the Board of Directors unanimously agreed to modify the terms of certain options held by the late Chairman's Estate. This resulted in a non-cash compensation charge of $533,000 for the year ended December 31, 2001.

On May 9, 2000 the Board of Directors authorized the repurchase of up to 10% of the Company's outstanding common shares from time to time in market or privately negotiated transactions. As of December 31, 2002 the Company had purchased and retired 23,600 Class B shares at a cost of approximately $808,000, which reduced the number of Class B common shares outstanding.

During 2002, the Company's cash and cash equivalents decreased by approximately $10.3 million, reflecting approximately $6.5 million in purchases of plant and equipment, $6.5 million for the payment for acquisitions, approximately $1.6 million in dividends and $8.8 million in purchases of marketable securities, offset, in part, by approximately $5.0 million provided by operating activities, $6.1 million from the sale of marketable securities and $1.9 million from the exercise of stock options.

Cash, marketable securities and cash equivalents and accounts receivable comprised approximately 55.0% and 55.2% of the Company's total assets at December 31, 2002 and 2001, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 8.1 to 1 and 7.2 to 1 at December 31, 2002 and 2001, respectively.

At December 31, 2002, the Company was obligated under non-cancelable operating leases, purchase commitments for raw materials and capital commitments as follows:

Years Ending December 31,	Leases	Purchase Commitments	Capital Commitments
2003	$ 567,000	$ 801,000	$ 412,000
2004	327,000	--	--
2005	203,000	--	--
2006	87,000	--	--
2007	--	--	--
	$ 1,184,000	$ 801,000	$ 412,000

The Company is currently obligated to fund the Company's Supplemental Executive Retirement Plan ("SERP"). As of December 31, 2002 the SERP had an unfunded benefit obligation of approximately $1.9 million. See Note 8 of the Notes to Consolidated Financial Statements for further information.

Other Matters

The Company believes that it has sufficient cash reserves to fund its foreseeable working capital needs. It may, however, seek to expand such resources through bank borrowings, at favorable lending rates, from time to time.

Territories of Hong Kong, Macau and The People's Republic of China

The Territory of Hong Kong became a Special Administrative Region ("SAR") of The People's Republic of China in the middle of 1997. The territory of Macau became a SAR of The People's Republic of China at the end of 1999. Management cannot presently predict what future impact, if any, this will have on the Company or how the political climate in China will affect its contractual arrangements in China. Substantially all of the Company's manufacturing operations and approximately 59% of its identifiable assets are located in Hong Kong, Macau, and The People's Republic of China. Accordingly, events resulting from the expiration of such leases as well as any change in the "Most Favored Nation" status granted to China by the U.S. could have a material adverse effect on the Company.

New Financial Accounting Standards

In August 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No. 143 on January 1, 2003. Management believes the effect of implementing this pronouncement will not have a material impact on the Company's results of operations or financial position.

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item of income and requires that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30 "Reporting Results of Operations". This statement also requires sales-leaseback accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions, and makes various other technical corrections to existing pronouncements. This statement will be effective for the Company for the year ending December 31, 2003. Management believes that adopting this statement will not have a material effect on the Company's results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management's commitment to an exit plan. Adoption of this Statement is required with the beginning of fiscal year 2003. The Company has not yet completed its evaluation of the impact of adopting this Statement.

In January 2003, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure, and amendment of FASB Statement No. 123". SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. It also requires disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for annual and interim periods beginning after December 15, 2002. Management is currently evaluating the impact of adopting the fair value based method of accounting for stock based employee compensation and will implement the provisions of this statement during the first quarter ending March 31, 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, and interpretation of FASB Statements No. 5, 57,and 107 and Rescission of FASB Interpretation No. 34. FIN 45 clarifies the requirements of FASB Statement No. 5, Accounting for Contingencies, relating to the guarantor's accounting for, and disclosure of, the issuance of certain types of guarantees . This interpretation clarifies that a guarantor is required to recognize, at the inception of certain types of guarantees, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements in this interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company is assessing the impact that the adoption of this interpretation will have and will implement the provisions of this statement during the first quarter ending March 31, 2003.

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities," which addresses consolidation by business enterprises of variable interest entities. In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in research and development or other activities on behalf of another company. The objective of Interpretation No. 46 is not to restrict the use of variable interest entities but to improve financial reporting by companies involved with variable interest entities. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. Interpretation No. 46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of Interpretation No. 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company does not have any variable interest entities, and, accordingly, adoption is not expected to have a material effect on the Company.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Fair Value of Financial Instruments -- The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments". The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The Company has not entered into, and does not expect to enter into, financial instruments for trading or hedging purposes. The Company does not currently anticipate entering into interest rate swaps and/or similar instruments.

The Company's carrying values of cash, marketable securities, accounts receivable, accounts payable and accrued expenses are a reasonable approximation of their fair value.

The Company's business in this regard is subject to certain risks, including, but not limited to, differing economic conditions, loss of significant customers, changes in political climate, differing tax structures, other regulations and restrictions and foreign exchange rate volatility. The Company's future results could be materially and adversely impacted by changes in these or other factors.

Item 8. Financial Statements and Supplementary Data

See the consolidated financial statements listed in the accompanying Index to Consolidated Financial Statements for the information required by this item.

BEL FUSE INC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Bel Fuse Inc
Jersey City, New Jersey

We have audited the accompanying consolidated balance sheets of Bel Fuse Inc. and subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Bel Fuse Inc. and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As described in Note 1, effective January 1, 2002, in connection with the adoption of SFAS No. 142, "Goodwill and Intangible Other Assets", the Company ceased amortization of goodwill.

Deloitte & Touche LLP

New York, New York
March 18, 2003 (March 21, 2003 as to Notes 11 and 12)

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 59,002,581	$ 69,278,574
Marketable securities	4,966,275	2,342,663
Accounts receivable - less allowance of $945,000 and $945,000	16,839,497	9,814,914
Inventories	12,384,472	13,870,822
Prepaid expenses and other current assets	190,199	269,275
Refundable income taxes	681,887	826,859
Deferred income taxes	439,000	817,000
Total Current Assets	94,503,911	97,220,107
Property, plant and equipment - net	37,605,195	36,353,951
Goodwill and other intangibles - net	7,624,729	13,653,521
Other assets (including $5.5 million of deposits relating to APC acquisition)	7,159,077	288,943
TOTAL ASSETS	$146,892,912	$147,516,522

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

	December 31, 2002	December 31, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 5,099,894	$ 4,624,185
Accrued expenses	6,202,871	8,492,425
Dividends payable	412,000	405,000
Total Current Liabilities	11,714,765	13,521,610
Deferred income taxes	4,519,000	4,532,000
Total Liabilities	16,233,765	18,053,610
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, no par value, authorized 1,000,000 shares; none issued	--	--
Class A common stock, par value $.10 per share - authorized 10,000,000 shares; outstanding 2,676,225 and 2,664,637 shares, respectively (net of 1,072,770 treasury shares)	267,623	266,464
Class B common stock, par value $.10 per share - authorized 30,000,000 shares; outstanding 8,261,492 and 8,105,117 shares, respectively (net of 3,218,310 treasury shares)	826,149	810,512
Additional paid-in capital	13,982,688	11,674,768
Retained earnings	115,632,819	116,699,114
Cumulative other comprehensive income (loss)	(50,132)	12,054
Total Stockholders' Equity	130,659,147	129,462,912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 146,892,912	$ 147,516,522

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2002	2001	2000
Net Sales	$ 95,527,892	$ 96,044,817	$ 145,226,811
Costs and expenses:			
Cost of sales	72,420,220	89,603,327	88,478,545
Selling, general and administrative	22,269,733	21,561,028	23,284,152
	94,689,953	111,164,355	111,762,697
Income (loss) from operations	837,939	(15,119,538)	33,464,114
Other income - net	940,058	2,410,566	3,912,347
Earnings (loss) before provision for income taxes	1,777,997	(12,708,972)	37,376,461
Income tax provision (benefit)	1,199,000	(547,000)	5,159,000
Net earnings (loss)	$ 578,997	$ (12,161,972)	$ 32,217,461
Earnings (loss) per common share - basic	$ 0.05	$ (1.13)	$ 3.04
Earnings (loss) per common share - diluted	$ 0.05	$ (1.13)	$ 2.94
Weighted average number of common shares outstanding - basic	10,907,371	10,715,921	10,582,916
Weighted average number of common shares outstanding - diluted	11,085,934	10,715,921	10,953,540

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Total	Compre-hensive Income (loss)	Retained Earnings	Cumulative Other Compre-hensive Income (loss)	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance, January 1, 2000	$ 110,253,937		$ 99,839,765	$ 548,268	$ 263,220	$ 791,031	$8,811,653
Exercise of stock options	962,516				1,463	10,708	950,345
Tax benefits arising from the disposition of non-qualified incentive stock options	438,000						438,000
Cash dividends on Class B common stock	(1,586,650)		(1,586,650)				
Currency translation adjustment	26,607	$ 26,607		26,607			
Purchase and retirement of common stock	(807,805)					(2,360)	(805,445)
Issuance of stock warrants for consulting services	25,000						25,000
Decrease in marketable securities-net of taxes	(512,986)	(512,986)		(512,986)			
Net income	32,217,461	32,217,461	32,217,461				
Comprehensive Income		$ 31,731,082					
Balance, December 31, 2000	141,016,080		130,470,576	61,889	264,683	799,379	9,419,553
Exercise of stock options	1,328,129				1,781	11,133	1,315,215
Tax benefits arising from the disposition of non-qualified incentive stock options	382,000						382,000
Cash dividends on Class B common stock	(1,609,490)		(1,609,490)				
Modifications of terms of stock option	533,000						533,000
Currency translation adjustment	3,165	$ 3,165		3,165			
Issuance of common stock warrants for consulting services	25,000						25,000
Decrease in marketable securities-net of taxes	(53,000)	(53,000)		(53,000)			
Net loss	(12,161,972)	(12,161,972)	(12,161,972)				
Comprehensive loss		$(12,211,807)					
Balance, December 31, 2001	129,462,912		116,699,114	12,054	266,464	810,512	11,674,768

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)

	Total	Compre-hensive Income (loss)	Retained Earnings	Cumulative Other Compre-hensive Income (loss)	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance, December 31, 2001	129,462,912		116,699,114	12,054	266,464	810,512	11,674,768
Exercise of stock options	1,872,716				1,159	15,637	1,855,920
Tax benefits arising from the disposition of non-qualified incentive stock options	452,000						452,000
Cash dividends on Class B common stock	(1,645,292)		(1,645,292)				
Currency translation adjustment	(19,186)	$ (19,186)		(19,186)			
Decrease in marketable securities-net of taxes	(43,000)	(43,000)		(43,000)			
Net income	578,997	578,997	578,997				
Comprehensive income		$ 516,811					
Balance, December 31, 2002	$ 130,659,147		$115,632,819	$ (50,132)	$ 267,623	$ 826,149	$13,982,688

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2002	2001	2000
Cash flows from operating activities:			
Net income (loss)	$ 578,997	$(12,161,972)	$ 32,217,461
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	5,998,426	7,784,577	5,931,755
Goodwill impairment	5,200,000	--	--
Inventory write-off	--	14,586,000	--
Loss on write-off/sale of fixed assets	8,614	3,957,267	--
Restructuring charges	--	1,056,000	--
Other	452,000	941,575	493,269
Deferred income taxes	405,000	(2,592,000)	1,783,000
Gain on sale of marketable securities	--	--	(1,081,437)
Changes in operating assets and liabilities	(7,552,738)	7,400,734	(941,946)
Net Cash Provided by Operating Activities	5,090,299	20,972,181	38,402,102
Cash flows from investing activities:			
Purchase of property, plant and equipment	(6,477,313)	(5,975,441)	(8,127,595)
Purchase of marketable securities	(8,824,630)	(5,864,808)	(773,253)
Deposit on APC acquisition	(5,500,000)	--	--
Cost of acquisitions - net of cash acquired	(61,411)	(5,943,046)	--
Deferred acquisition costs related to Insilco	(947,121)	--	--
Proceeds from sale of marketable securities	6,131,796	3,663,213	3,024,432
Proceeds from sale of equipment	48,964	89,164	865
Net Cash Used in Investing Activities	(15,629,715)	(14,030,918)	(5,875,551)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended December 31,		
	2002	2001	2000
Cash flows from financing activities:			
Repurchase of common stock	--	--	(807,805)
Loan repayments	29,000	29,000	104,000
Proceeds from exercise of stock options	1,872,716	1,328,129	962,516
Dividends paid to common shareholders	(1,638,293)	(1,606,851)	(1,580,858)
Net Cash Provided By (Used In) Financing Activities	263,423	(249,722)	(1,322,147)
Net Increase (decrease) in Cash and Cash Equivalents	(10,275,993)	6,691,541	31,204,404
Cash and Cash Equivalents - beginning of year	69,278,574	62,587,033	31,382,629
Cash and Cash Equivalents - end of year	$ 59,002,581	$ 69,278,574	$ 62,587,033
Changes in operating assets and liabilities consist of:			
(Increase) decrease in accounts receivable	$ (7,024,583)	$ 15,351,628	$ (6,377,235)
(Increase) decrease in inventories	1,486,350	1,863,260	(6,048,952)
(Increase) decrease in prepaid expenses and other current assets	50,076	73,287	(87,300)
(Increase) decrease in prepaid taxes	144,972	(826,859)	--
(Increase) decrease in other assets	(423,134)	29,409	54,123
Increase (decrease) in accounts payable	475,709	(8,446,636)	8,662,384
(Decrease) increase in accrued expenses	(2,262,128)	(643,355)	3,096,884
Increase (decrease) in income taxes payable	--	--	(241,850)
	$ (7,552,738)	$ 7,400,734	$ (941,946)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONCLUDED)

	Year Ended December 31,		
	2002	2001	2000
Supplementary information:			
Cash paid during the year for:			
Income taxes	$ 205,000	$2,421,000	$3,183,000
Details of acquisition:			
Fair value of assets acquired (excluding cash of $341,954)		$ 267,789	
Intangibles		5,675,257	
Cash paid for acquisition		$5,943,046	

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bel Fuse Inc. and subsidiaries (the "Company") operate in one industry segment and are engaged in the design, manufacture and sale of products used in local area networking, telecommunication, business equipment and consumer electronic applications. Operations are managed on a geographic basis. Sales are predominantly in North America, Western Europe and the Far East.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

USE OF ESTIMATES - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - Cash equivalents include short-term investments in U.S. treasury bills and commercial paper with an original maturity of three months or less when purchased. At December 31, 2002 and 2001, cash equivalents approximate $41,207,000 and $50,588,000, respectively.

MARKETABLE SECURITIES - The Company classifies its investments in equity securities as "available for sale", and accordingly, reflects unrealized gains and losses, net of deferred income taxes, as cumulative other comprehensive income.

The fair values of marketable securities are estimated based on quoted market prices. Realized gains or losses from the sales of marketable securities are based on the specific identification method.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

CONCENTRATION OF CREDIT RISK - Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and temporary cash investments. The Company grants credit primarily to original equipment manufacturers and to subcontractors of original equipment manufacturers based on an evaluation of the customer's financial condition, without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company controls its exposure to credit risk through credit approvals, credit limits and monitoring procedures and establishes allowances for anticipated losses.

The Company places its temporary cash investments with quality financial institutions and, by policy, limits the amount of credit exposure with any one financial instrument.

INVENTORIES - Inventories are stated at the lower of weighted average cost or market.

REVENUE RECOGNITION - Revenue is recognized when products are shipped and title passes to customers.

GOODWILL AND OTHER INTANGIBLES - Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and other intangible assets with finite lives acquired in a business acquisition. Prior to January 1, 2002, goodwill has been amortized on a straight-line basis over 4 to 15 years. Amortization expense was $-0- in 2002, $792,000 in 2001, and $679,000 in 2000.

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets". Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives and are no longer amortized, but are subject to, at a minimum, an annual impairment test. If the carrying value of goodwill or intangible assets exceeds its fair market value, an impairment loss would be recorded. The Company uses a discounted cash flow model to determine fair market value of the Company's reporting units. In the fourth quarter of 2002, the Company recorded a goodwill impairment charge of $5,200,000.

Other intangibles include patents and product information, covenants not-to-compete and supply agreements. Amounts assigned to these intangibles are based on independent appraisals. Other intangibles are being amortized over 4 to 10 years. Amortization expense was $890,000 in 2002, $1,426,000 in 2001 and $820,000 in 2000.

The following information represents proforma net income (loss) and earnings (loss) per share assuming the adoption of SFAS No. 142 in the first quarter of 2000:

	For the year Ended December 31,		
	2002	2001	2000
Reported net income (loss)	$ 578,997	$ (12,161,972)	$ 32,217,461
Addback: Goodwill amortization (net of income tax)	--	653,000	550,000
Adjusted net income (loss)	$ 578,997	$ (11,508,972)	$ 32,767,461
Basic earnings (loss) per share:			
Reported net income (loss)	$ 0.05	$ (1.13)	$ 3.04
Addback: Goodwill amortization	--	0.06	0.05
Adjusted net income (loss)	$ 0.05	$ (1.07)	$ 3.09
Diluted earnings (loss) per share:			
Reported net income (loss)	$ 0.05	$ (1.13)	$ 2.94
Addback: Goodwill amortization	--	0.06	0.05
Adjusted net income (loss)	$ 0.05	$ (1.07)	$ 2.99

The changes in the carrying value of goodwill for the year ended December 31, 2002 are as follows:

Balance, December 31, 2001	$ 10,019,563
Impairment	(5,200,000)
Balance, December 31, 2002	$ 4,819,563

The components of other intangible assets are as follows:

	December 31, 2002		December 31, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and Product Information	$1,335,000	$ 486,819	$1,335,000	$ 332,708
Covenants not-to-compete	2,961,411	1,004,426	2,900,000	458,334
Supply agreement	2,660,000	2,660,000	2,660,000	2,470,000
	$6,956,411	$4,151,245	$6,895,000	$3,261,042

Estimated amortization expense for other intangible assets for the next five years follows:

December 31,	Estimated Amortization Expense
2003	$ 709,000
2004	709,000
2005	633,000
2006	486,000
2007	97,000

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

DEPRECIATION - Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated primarily using the declining-balance method for machinery and equipment and the straight-line method for buildings and improvements over their estimated useful lives.

INCOME TAXES - The Company accounts for income taxes using an asset and liability approach under which deferred income taxes are recognized by applying enacted tax rates applicable to future years to the differences between the financial statement carrying amounts and the tax bases of reported assets and liabilities.

Except for a portion of foreign earnings, an income tax provision has not been recorded for U.S. federal income taxes on the undistributed earnings of foreign subsidiaries as such earnings are intended to be permanently reinvested in those operations. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon the repatriation of dividends.

The principal items giving rise to deferred taxes are the use of accelerated depreciation methods for plant and equipment, the assumed repatriation of a portion of foreign earnings and certain expenses which have been deducted for financial reporting purposes which are not currently deductible for income tax purposes and the future tax benefit of certain foreign net operating loss carryforwards.

STOCK - BASED COMPENSATION - The Company accounts for equity-based compensation issued to employees in accordance with Accounting Principles Board ("ABP") Opinion No. 25 "Accounting for Stock Issued to Employees". APB No. 25 requires the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at the measurement date over the amount an employee must pay to acquire the stock. The Company makes disclosures of pro forma net earnings and earnings per share as if the fair-value-based method of accounting had been applied as required by SFAS No. 123 "Accounting for Stock-Based Compensation-Transition and Disclosure".

On July 6, 2001 the Chairman of the Board passed away. The Board of Directors unanimously agreed to modify the terms of certain options held by the late Chairman's Estate. This resulted in a non-cash compensation charge of $533,000 for the year ended December 31, 2001.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

EVALUATION OF LONG-LIVED ASSETS - Long-lived assets are assessed for recoverability on an on-going basis. In evaluating the fair value and future benefits of long-lived assets, their carrying value would be reduced by the excess, if any, of the long-lived asset over management's estimate of the anticipated undiscounted future net cash flows of the related long-lived asset. In 2001, the Company wrote-off property and equipment with a net book value of approximately $4.1 million.

EARNINGS (LOSS) PER COMMON SHARE - Basic earnings (loss) per common share are computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings per common share are computed by dividing net earnings by the weighted average number of common shares and potential common shares outstanding during the year. Potential common shares used in computing diluted earnings per share relate to stock options and warrants which, if exercised, would have a dilutive effect on earnings per share. The number of potential common shares outstanding were 178,563, 218,212, and 370,624 for the years ended December 31, 2002, 2001 and 2000, respectively. During the year ended December 31, 2001 potential common shares outstanding were omitted from the calculation of loss per share as the effect would be antidilutive. During the years ended December 31, 2002 and 2000, there were no antidilutive options and warrants omitted from the calculation of diluted earnings per share.

FAIR VALUE OF FINANCIAL INSTRUMENTS - For financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, it was assumed that the carrying amount approximated fair value because of the short maturities of such instruments.

NEW FINANCIAL ACCOUNTING STANDARDS - In January 2001, the Company adopted SFAS 133 "Accounting for Derivative Instruments and Hedging Activities, as amended ("SFAS 133 as amended"). SFAS 133 as amended, established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS 133, as amended, certain contracts that were formerly not considered derivatives may now meet the definition of a derivative. Because the Company does not currently utilize derivatives, the impact of the adoption was not material to the Company's financial statements.

In August 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No. 143 on January 1, 2003. Management believes the effect of implementing this pronouncement will not have a material impact on the Company's results of operations or financial position.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", effective for fiscal years beginning after December 15, 2001. Under SFAS No. 144 assets held for sale will be included in discontinued operations if the operations and cash flows will be or have been eliminated from the ongoing operations of the entity and the entity will not have any significant continuing involvement in the operations of the component. The Company adopted SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 did not have a material impact on the Company's results of operations or financial position.

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement eliminates the automatic classification of gain or loss on extinguishment of debt as an extraordinary item of income and requires that such gain or loss be evaluated for extraordinary classification under the criteria of Accounting Principles Board No. 30 "Reporting Results of Operations". This statement also requires sales-leaseback accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions, and makes various other technical corrections to existing pronouncements. This statement will be effective for the Company for the year ending December 31, 2003. Management believes that adopting this statement will not have a material effect on the Company's results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management's commitment to an exit plan. Adoption of this Statement is required with the beginning of fiscal year 2003. The Company has not yet completed the evaluation of the impact of adopting this Statement.

In January 2003, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123" SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. It also requires disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for annual and interim periods beginning after December 15, 2002. Management is currently evaluating the impact of adopting the fair value based method of accounting for stock-based employee compensation and will implement the provisions of this statement during the first quarter ending March 31, 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, and interpretation of FASB Statements No. 5, 57,and 107 and Rescission of FASB Interpretation No. 34. FIN 45 clarifies the requirements of FASB Statement No. 5, Accounting for Contingencies, relating to the guarantor's accounting for, and disclosure of, the issuance of certain types of guarantees. This interpretation clarifies that a guarantor is required to recognize, at the inception of certain types of guarantees, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements in this interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company is assessing the impact that the adoption of this interpretation will have and will implement the provisions of this statement during the first quarter ending March 31, 2003.

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities," which addresses consolidation by business enterprises of variable interest entities. In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in research and development or other activities on behalf of another company. The objective of Interpretation No. 46 is not to restrict the use of variable interest entities but to improve financial reporting by companies involved with variable interest entities. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. Interpretation No. 46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of Interpretation No. 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company does not have any variable interest entities, and, accordingly, adoption is not expected to have a material effect on the Company.

2. ACQUISITION

On May 11, 2001, the Company acquired 100% of the common stock of E-Power Ltd. ("E-Power") and the assets and business of Current Concepts, Inc. ("Current Concepts") for an aggregate of $6,285,000 in cash (including acquisition expenses). The Company will be required to make contingent purchase price payments of up to approximately $7.6 million should the acquired companies reach various sales levels. During the year ended December 31, 2002, $61,000 of contingent purchase price payments were made. The transactions were accounted for using the purchase method of accounting and, accordingly, the results of operations of Current Concepts and E-Power have been included in the Company's consolidated financial statements since the date of acquisition. Purchase price allocations were based on independent formal appraisals. The excess of the purchase price over net assets acquired ($2.0 million) and other identifiable intangible assets ($3.7 million) approximated $5.7 million. The identifiable intangible assets, other than goodwill, are being amortized on a straight-line basis over a period of 4 to 10 years. Goodwill has been amortized based on a 15 year life from May 11, 2001 through December 31, 2001. After January 1, 2002, in accordance with the provisions of Financial Accounting Standards Board Opinion No. 142, the Company ceased amortization of goodwill and will review goodwill at least annually for impairment.

The following unaudited pro forma summary results of operations assumes that both Current Concepts and, E-Power had been acquired as of January 1, 2000:

	Year Ended December 31,	
	2001	2000
	(Dollars in thousands except per share data)	
Sales	$ 96,133	$145,929
Net income (loss)	(13,321)	31,173
Earnings (loss) per share-diluted	$ (1.24)	$ 2.85

The information above is not necessarily indicative of the results of operations that would have occurred if the acquisitions had been consummated as of January 1, 2000, nor should such information be construed as being a representation of the future results of operations of the Company.

3. MARKETABLE SECURITIES

At December 31, 2002 and 2001 respectively, marketable securities have a cost of approximately $5,090,000 and $2,396,000, an estimated fair value of approximately $4,966,000 and $2,343,000, gross unrealized loss of approximately $124,000 and $53,000 and realized gain of approximately $1,081,000 during 2000. The realized gain in 2000 is included in other income -net.

4. INVENTORIES

Inventories consist of the following:

	December 31,	
	2002	2001
Raw materials	$ 7,350,130	$ 9,289,702
Work in process	53,776	67,638
Finished goods	4,980,566	4,513,482
	$12,384,472	$13,870,822

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	December 31,	
	2002	2001
Land	$ 2,713,966	$ 1,660,466
Buildings and improvements	19,133,907	16,931,722
Machinery and equipment	55,840,319	54,586,642
Idle property held for sale	250,000	250,000
	77,938,192	73,428,830
Less accumulated depreciation	40,332,997	37,074,879
	$37,605,195	$36,353,951

Depreciation expense for the years ended December 31, 2002, 2001, and 2000 was $5,108,000, $5,521,000, and $4,425,000, respectively.

6. INCOME TAXES

The provision (benefit) for income taxes consists of the following:

	Years Ended December 31,		
	2002	2001	2000
Current:			
Federal	$ 345,000	$ 1,674,000	$ 1,758,000
Foreign	411,000	244,000	1,367,000
State	38,000	127,000	251,000
	794,000	2,045,000	3,376,000
Deferred:			
Federal and state	265,000	(1,616,000)	1,806,000
Foreign	140,000	(976,000)	(23,000)
	405,000	(2,592,000)	1,783,000
	$ 1,199,000	$ (547,000)	$ 5,159,000

A reconciliation of taxes on income computed at the federal statutory rate to amounts provided is as follows:

	Years Ended December 31,		
	2002	2001	2000
Tax provision (benefit) computed at the Federal statutory rate of 34%	$ 604,000	$ (4,321,000)	$ 12,708,000
Increase (decrease) in taxes resulting from:			
Different tax rates and permanent differences applicable to foreign operations	366,000	3,698,000	(7,376,000)
State taxes, net of federal benefit	163,000	84,000	166,000
Other, net	66,000	(8,000)	(339,000)
	$ 1,199,000	$ (547,000)	$ 5,159,000

6. INCOME TAXES (continued)

The types of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts that give rise to the deferred tax liability and deferred tax asset and their approximate tax effects are as follows:

	December 31,			
	2002		2001	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred Tax Liabilities- non-current:				
Depreciation	$ 13,094,000	$ 1,149,000	$ 11,758,000	$ 1,101,000
Amortization	(3,412,000)	(1,217,000)	(841,000)	(362,000)
Unremitted earnings of foreign subsidiaries not permanently reinvested	21,420,000	6,426,000	20,180,000	6,054,000
Foreign net operating loss carryforward	(7,109,000)	(567,000)	(8,000,000)	(696,000)
Other temporary differences	(3,181,000)	(1,272,000)	(3,913,000)	(1,565,000)
	$ 20,812,000	$ 4,519,000	$ 19,184,000	$ 4,532,000
Deferred Tax Assets - current:				
Unrealized depreciation in marketable securities	$ 123,000	$ 49,000	$ 50,000	$ 20,000
Reserves and accruals	976,000	390,000	1,943,000	797,000
	$ 1,099,000	$ 439,000	$ 1,993,000	$ 817,000

The Company files income tax returns in all jurisdictions in which it has reason to believe it is subject to tax. Historically, the Company has been subject to examination by various taxing jurisdictions. To date, none of these examinations has resulted in any material additional tax. Nonetheless, any tax jurisdiction may contend that a filing position claimed by the Company regarding one or more of its transactions is contrary to that jurisdiction's laws or regulations.

The Company has foreign net operating loss carry-forwards of approximately $7,109,000 which expire during the years ending 2004 through 2005.

6. INCOME TAXES (continued)

It is management's intention to permanently reinvest the majority of the earnings of foreign subsidiaries in the expansion of its foreign operations. $643,000 and $1,810,000 of earnings were repatriated during 2002 and 2001, respectively. No earnings were repatriated during 2000. Unrepatriated earnings, upon which U.S. income taxes have not been accrued, approximate $92.0 million at December 31, 2002. Estimated income taxes related to unrepatriated foreign earnings would approximate $28.0 million. Management has identified approximately $21.4 million of foreign earnings that may not be permanently reinvested. Deferred income taxes in the amount of approximately $6.4 million have been provided on such earnings ($.4 million during 2002, $(.1) million during 2001 and $6.1 million during 2000 and prior years).

7. SEGMENTS - OPERATIONS IN GEOGRAPHIC AREAS, FOREIGN OPERATIONS AND EXPORT SALES

The Company does not have reportable operating segments as defined in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information". Operations are managed on a geographic basis. The method for attributing revenues to individual countries is based on the destination to which finished goods are shipped. The Company operates facilities in the United States, Europe and the Far East.

The Company had sales to individual customers in excess of ten percent of consolidated net sales as follows: The amount and percentages of the Company's sales were $11,606,000 (12.1%), and $11,410,000 (11.9%) in 2002, and $20,707,000 (14.3%), $17,622,000 (12.1%) and $15,483,000 (10.2%) in 2000, respectively. No customers represented in excess of ten percent of consolidated sales in 2001. The loss of any of these customers would have a material adverse effect on the Company's results of operations, financial position and cash flows.

7. SEGMENTS - OPERATIONS IN GEOGRAPHIC AREAS, FOREIGN OPERATIONS AND EXPORT SALES (Continued)

	2002	2001	2000
Revenue from unrelated entities and country of Company's domicile:			
North America	$ 26,227,607	$ 47,257,490	$ 84,389,919
Asia/Pacific	35,046,275	22,895,848	30,021,853
Hong Kong	23,586,199	13,906,574	14,292,061
United Kingdom	362,119	1,296,138	2,211,792
Europe	10,025,464	10,354,125	13,903,454
Other	280,228	334,642	407,732
	$ 95,527,892	$ 96,044,817	$ 145,226,811
Total Revenues:			
United States	$ 28,956,505	$ 46,989,911	$ 84,875,000
Asia	81,906,834	75,523,422	121,230,526
Less intergeographic revenues	(15,335,447)	(26,468,516)	(60,878,715)
	$ 95,527,892	$ 96,044,817	$ 145,226,811
Income (loss) from Operations:			
United States	$ (90,470)	$ (1,877,751)	$ 3,735,292
Asia	928,409	(13,241,787)	29,728,822
	$ 837,939	$ (15,119,538)	$ 33,464,114
Identifiable Assets:			
United States	$ 46,101,626	$ 47,116,502	$ 49,925,968
Asia	118,819,792	112,651,502	123,634,713
Less intergeographic eliminations	(18,028,506)	(12,251,482)	(4,047,276)
Total Identifiable Assets	$ 146,892,912	$ 147,516,522	$ 169,513,405
Capital Expenditures:			
United States	$ 3,394,916	$ 1,583,417	$ 2,337,330
Asia	3,082,397	4,392,024	5,790,265
	$ 6,477,313	$ 5,975,441	$ 8,127,595
Depreciation and Amortizaion expense:			
United States	$ 858,155	$ 1,477,180	$ 1,262,419
Asia (1)	5,140,271	6,307,397	4,669,336
	$ 5,998,426	$ 7,784,577	$ 5,931,755

(1) Excludes $5,200,000 of goodwill impairment in 2002.

7. SEGMENTS - OPERATIONS IN GEOGRAPHIC AREAS, FOREIGN OPERATIONS AND EXPORT SALES (Continued)

Transfers between geographic areas include raw materials purchased in the United States which are shipped to foreign countries to be manufactured into finished products. Finished products manufactured in foreign countries are then transferred to the United States for sale. Income from operations represents gross profit less operating expenses.

Identifiable assets are those assets of the Company that are identified with the operations of each geographic area.

The territory of Hong Kong became a Special Administrative Region ("SAR") of the People's Republic of China in the middle of 1997. The territory of Macau became a SAR of the People's Republic of China at the end of 1999. Management cannot presently predict what future impact this will have on the Company, if any, or how the political climate in China will affect the Company's contractual arrangements in China. Substantially all of the Company's manufacturing operations and approximately 59% of its identifiable assets are located in The People's Republic of China and its SARs of Hong Kong and Macau. Accordingly, events which may result from the expiration of such leases, as well as any change in the "Most Favored Nation" status granted to China by the U.S., could have a material adverse effect on the Company.

The Company's research and development facilities are located in California, Indiana, Massachusetts, Hong Kong and China. Research and development costs, which are expensed as incurred, amounted to $6,174,000 in 2002, $4,967,000 in 2001, and $6,229,000 in 2000. The Company plans to close its Indiana facility by June 30, 2003 and closed its Texas facility during the fourth quarter of 2002. The Company purchased property in San Diego, California where its research and development facility is located.

8. RETIREMENT FUND AND PROFIT SHARING PLAN

The Company maintains a domestic profit sharing plan and a contributory stock ownership and savings 401(K) plan, which combines stock ownership and individual voluntary savings provisions to provide retirement benefits for plan participants. The plan provides for participants to voluntarily contribute a portion of their compensation, subject to certain legal maximums. The Company will match, based on a sliding scale, up to $350 for the first $600 contributed by each participant. Matching contributions plus additional discretionary contributions will be made with Company stock purchased in the open market. The expense for the years ended December 31, 2002, 2001, and 2000 amounted to approximately $207,000, $216,000, and $261,000, respectively. As of December 31, 2002, the plans owned 27,730 and 130,631 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

8. RETIREMENT FUND AND PROFIT SHARING PLAN (Continued)

The Company's Far East subsidiaries have a retirement fund covering substantially all of their Hong Kong based full-time employees. Eligible employees contribute up to 5% of salary to the fund. In addition, the Company may contribute an amount equal to a percentage of eligible salary, as determined by the Company, in cash or Company stock. The expense for the years ended December 31, 2002, 2001, and 2000 amounted to approximately $604,000, $665,000, and $518,000, respectively. As of December 31, 2002, the plan owned 3,323 and 16,842 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

During 2002, the Company established a Supplemental Executive Retirement Plan ("SERP") which provides retirement benefits to certain officers and other select employees of the Company. The benefits are unfunded and limited to a maximum of 40% of monthly average compensation.

8. RETIREMENT FUND AND PROFIT SHARING PLAN (Continued)

The following provides a reconciliation of benefit obligations, funded status of the SERP as well as a summary of significant assumptions:

December 31,	2002
Change in benefit obligation:	
Benefit obligation at beginning of year	$ --
Service cost	80,153
Interest cost	63,801
Plan amendments	1,760,028
Benefit obligations at end of year	$ 1,903,982
Funded status of plan:	
Under funded status	$ (1,903,982)
Unrecognized prior service costs	1,707,473
Accrued pension cost	$ (196,509)
Balance sheet amounts:	
Accrued benefit liability	$ 1,143,482
Intangible asset	946,973

The components of SERP expense are as follows:

December 31,	2002
Service cost	$ 80,153
Interest cost	63,801
Amortization of adjustments	52,556
Total SERP expense	$ 196,510
Assumption percentages:	
Discount rate	6.50%
Rate of compensation increase	4.00%

9. STOCK OPTION PLAN

The Company has a Qualified Stock Option Plan (the "Plan") which provides for the granting of "Incentive Stock Options" to key employees within the meaning of Section 422 of the Internal Revenue Code of 1954, as amended. The Plan provides for the issuance of 2,400,000 shares. Substantially all options outstanding become exercisable twenty-five percent (25%) one year from the date of grant and twenty-five percent (25%) for each year of the three years thereafter. The price of the options granted pursuant to the Plan is not to be less than 100 percent of the fair market value of the shares on the date of grant. An option may not be exercised within one year from the date of grant, and in general, no option will be exercisable after five years from the date granted. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation"(SFAS No. 123). Accordingly, no compensation cost has been recognized for the stock options awarded. Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for awards in 2002, 2001 and 2000 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	December 31,		
	2002	2001	2000
Net earnings (loss) - as reported	$ 578,997	$ (12,161,972)	$ 32,217,461
Net earnings (loss)- pro forma	$ (1,576,938)	$ (14,416,817)	$ 30,576,995
Earnings (loss) per share - basic-as reported	$ 0.05	$ (1.13)	$ 3.04
Earnings (loss) per share - basic-pro forma	$ (0.15)	$ (1.35)	$ 2.89
Earnings (loss) per share - diluted-as reported	$ 0.05	$ (1.13)	$ 2.94
Earnings (loss) per share - diluted-pro forma	$ (0.15)	$ (1.35)	$ 2.79

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2002, 2001 and 2000, respectively: dividends yield of .9%, .7%, and .8%, expected volatility of 76% in 2000 for Class A, and 54%, 41% and 85% for Class B; risk-free interest rate of 3%, 5% and 5%, and expected lives of 5 years.

9. STOCK OPTION PLAN (Continued)

Information regarding the Company's Plan for 2002, 2001, and 2000 is as follows:

	2002		2001		2000	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Options outstanding, beginning of year	878,115	$ 17.44	822,429	$ 13.07	568,137	$ 9.03
Options exercised	(167,963)	$ 11.15	(129,143)	$ 10.27	(121,708)	$ 7.91
Options granted	78,000	$ 20.92	213,100	$ 29.50	376,000	$ 17.34
Options cancelled	(30,914)	$ 16.58	(28,271)	$ 14.05	--	$ --
Options outstanding, end of year	757,238	$ 19.23	878,115	$ 17.44	822,429	$ 13.07
Options price range at end of year	$5.75 to $29.50		$5.75 to $29.50		$5.75 to $19.00	
Options price range for exercised shares	$5.75 to $18.70		$5.75 to $17.00		$5.75 to $15.44	
Options available for grant at end of year	1,105,000		152,000		337,000	
Weighted-average fair value of options granted during the year	$ 9.75		$ 12.16		$ 9.28	

9. STOCK OPTION PLAN (continued)

The following table summarizes information about fixed-price stock options outstanding at December 31, 2002:

Range of Exercise Prices	Number Out-standing at December 31, 2002	Weighted-Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2002	Weighted-Average Exercise Price
$5.75 to $7.00	111,938	--	$ 6.13	111,938	$ 6.13
$15.38 to $15.44	57,000	1 year	$ 15.41	32,500	$ 15.41
$17.00 to $19.00	301,200	2 years	$ 17.25	145,693	$ 17.32
$29.50	209,100	3 years	$ 29.50	37,275	$ 29.50
$19.56 to $22.25	78,000	4 years	$ 20.92	--	$ --
	757,238			327,406	

10. COMMON STOCK

During 2000 the Board of Directors of the Company authorized the purchase of up to ten percent (10%) of the Company's outstanding common shares. As of December 31, 2002, the Company purchased and retired 23,600 Class B common shares at a cost of approximately $808,000 which reduced the number of Class B common shares outstanding.

11. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases various facilities. Some of these leases require the Company to pay certain executory costs (such as insurance and maintenance).

Future minimum lease payments for operating leases are approximately as follows:

Years Ending December 31,	
2003	$ 567,000
2004	327,000
2005	203,000
2006	87,000
2007	--
	$ 1,184,000

Rental expense was approximately $863,000, $830,000, and $670,000, for the years ended December 31, 2002, 2001, and 2000, respectively.

Credit Facilities

The Company has two domestic lines of credit amounting to $11,000,000 which were unused at December 31, 2002. An unsecured $1 million line of credit is renewable annually. The $10 million line of credit expires on March 21, 2006. Borrowings under the $10 million line of credit are secured by the first priority interest in and a lien on all personal property of Bel Fuse Inc and its subsidiaries.

On March 21, 2003 the Company negotiated an additional $10 million secured term loan. The term loan was used to finance the Company's acquisition of the Passive Components division of Insilco Holdings Company, Inc. The $10 million term will fully amortize in 20 equal quarterly installments of principal with a final maturity of March 21, 2008. Interest at 3.75% is payable monthly. The term loan is guaranteed by Bel Fuse Inc and its domestic subsidiaries. The term loan is collateralized with a first priority security interest in and lien on 65% of all of the issued and outstanding shares of the capital stock of the foreign subsidiaries of Bel Fuse Inc. and all other personal property at Bel Fuse Inc (Note 12).

The Company's Hong Kong subsidiary has an unsecured line of credit of approximately $2 million which was unused as of December 31, 2002. The line of credit expires December 31, 2003. Borrowing on the line of credit is guaranteed by the U.S. parent.

Facilities

On July 29, 2002, the Company purchased a building in San Diego, CA for approximately $2.5 million. The Company moved its domestic research and development operations to this facility in December 2002 after making approximately $.7 million in improvements to the facility. As of December 31, 2002, there are no outstanding liabilities in connection with this project.

Legal Proceedings
---

a) The Company commenced an arbitration proceeding before the American Arbitration Association against Lucent Technologies, Inc. in or about December 2000. The arbitration arises out of an Agreement for the Purchase and Sale of Assets, dated October 2, 1998 (the "Asset Purchase Agreement"), among Bel Fuse Inc., Lucent Technologies, Inc. and Lucent Technologies Maquiladores, Inc., and a related Global Procurement Agreement, dated October 2, 1998 (the "Supply Agreement"), between Lucent Technologies, Inc., as Buyer, and Bel Fuse Inc., as Supplier. Pursuant to the Asset Purchase Agreement, the Company purchased substantially all of the assets of Lucent's signal transformer business. Pursuant to the Supply Agreement, Lucent agreed that except for limited instances where Lucent was obligated to purchase product elsewhere, for a term of 3 1/2 years, Lucent would be obligated, on an as required basis, to purchase from the Company all of Lucent's requirements for signal transformer products. The Supply Agreement also provided that the Company would be given the opportunity to furnish quotations for the sale of other products.

The Company is seeking monetary damages for alleged breaches by Lucent of the Asset Purchase Agreement and the Supply Agreement. In its answer, Lucent denied many of the material allegations made by the Company and also asserted two counterclaims. The counterclaims seek recovery for alleged losses, including loss of revenue, sustained by Lucent as a result of the Company's alleged breach of various provisions of the Supply Agreement. The parties are currently engaged in extensive discovery proceedings. The Company believes it has substantial and meritorious claims against Lucent and substantial and meritorious defenses to Lucent's counterclaims. However, the Company cannot predict how the arbitrator will decide this matter and whether it will have a material effect on the Company's consolidated financial statements.

c) The Company has received a letter from a third party which states that its patent covers certain of the Company's modular jack products and indicates the third party's willingness to grant a non-exclusive license to the Company under the patent. The Company believes that none of its products are covered by this particular patent.

12. SUBSEQUENT EVENTS

On December 15, 2002 the Company entered into a definitive agreement with Insilco Technologies, Inc. ("Insilco") for the purchase by the Company of certain assets, subject to certain liabilities, and common shares of entities comprising Insilco's passive component group for $35 million in cash plus the assumption of certain liabilities. On March 10, 2003 the Bankruptcy Court entered an order approving this agreement. This approval order authorizes Insilco to consummate the sale of assets and common shares of various entities of Insilco to the Company, subject to certain assumed liabilities and free and clear of all encumbrances on Insilco's U.S. operations. The Company closed on this acquisition on March 21, 2003. The Company financed the acquisition with a $10 million term loan (Note 11).

On January 2, 2003 the Company entered into an asset purchase agreement with Advanced Power Components PLC ("APC") to purchase the communications products division of APC for $5.5 million in cash plus the assumption of certain liabilities. The Company will be required to make contingent purchase price payments equal to 5% of sales (as defined) in excess of $5.5 million per year for the years 2003 and 2004.

The transactions will be accounted for using the purchase method of accounting and, accordingly, the results of operations of Insilco will be included in the Company's financial statements from March 21, 2003 and the results of operations of APC will be included the Company's financial statements from January 2, 2003.

CONDENSED SELECTED QUARTERLY FINANCIAL DATA
(Unaudited)

	Quarter Ended				Total Year Ended
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002 (1)	December 31, 2002
Net sales	$ 16,514,002	$ 24,726,829	$ 27,401,089	$ 26,885,972	$ 95,527,892
Gross profit (loss)	2,153,379	6,180,774	6,254,195	8,519,324	23,107,672
Net earnings (loss)	(1,820,576)	1,292,880	1,746,160	(639,467)	578,997
Earnings (loss) per share - basic (2)	$ (0.17)	$ 0.12	$ 0.16	$ (0.06)	$ 0.05
Earnings (loss) per share - diluted (2)	$ (0.17)	$ 0.12	$ 0.16	$ (0.06)	$ 0.05

	Quarter Ended				Total Year Ended
	March 31, 2001	June 30, 2001 (4)	September 30, 2001	December 31, 2001 (3)	December 31, 2001
Net sales	$ 33,703,785	$ 22,076,118	$ 23,291,790	$ 16,973,124	$ 96,044,817
Gross profit	13,432,220	(7,310,879)	4,350,224	(4,030,075)	6,441,490
Net earnings	7,576,682	(11,110,114)	(400,294)	(8,228,246)	(12,161,972)
Earnings per share - basic (2)	$ 0.72	$ (1.04)	$ (0.04)	$ (0.77)	$ (1.13)
Earnings per share - diluted (2)	$ 0.68	$ (1.04)	$ (0.04)	$ (0.77)	$ (1.17)

(1) During the fourth quarter of 2002, the Company recorded a goodwill impairment charge of $5,200,000 and reversed $1,900,000 of purchase commitment accruals which were settled on a favorable basis. Such accruals were established during the second quarter of 2001. (See note 4 below)

(2) Quarterly amounts of earnings per share may not agree to the total for the year due to the use of potential common shares outstanding in computing diluted earnings per common share during the first quarter of 2001 and omitting potential common shares outstanding in computing loss per common share for the year ended 2001, as those shares would be antidilutive.

(3) During the fourth quarter of 2001, management concluded that $700,000 of accruals, recorded in the fourth quarter of 2000, were no longer required. Such accruals, which related to its Far East operations, were reversed in the fourth quarter of 2001.

(4) Includes a $14,600,00 charge consisting of inventory write-offs and estimated losses on non-cancellable purchase commitments.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2003 annual meeting of shareholders that is responsive to the information required with respect to this Item.

Item 11. EXECUTIVE COMPENSATION

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2003 annual meeting of shareholders that is responsive to the information required with respect to this Item.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2003 annual meeting of shareholders that is responsive to the information required with respect to this Item.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2003 annual meeting of shareholders that is responsive to the information required with respect to this Item.

Item 14. CONTROLS AND PROCEDURES

Based on their evaluation as of a date within 90 days of the filing date of this Annual Report on Form 10-K, the Company's principal executive officer and vice - president of finance have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the Exchange Act) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation and up to the filing date of this Annual Report on Form 10-K. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

All other schedules are omitted because they are inapplicable, not required or the information is included in the consolidated financial statements or notes thereto.

(b) Reports on Form 8-K

The Company did not file any current reports on Form 8-K during the three month period ended December 31, 2002.

(c) Exhibits

3.1 Certificate of Incorporation, as amended, is incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(continued)

Exhibit No.:

3.2 By-laws, as amended, are hereby incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-2 (Registration No. 33-16703) filed with the Securities and Exchange Commission on August 25, 1987.

10.1 Agency agreement dated October 1, 1988 between Bel Fuse Ltd. and Rush Profit Ltd. Incorporated by reference to Exhibit 10.1 of the Company's annual report on Form 10-K for the year ended December 31, 1994.

10.2 Contract dated March 16, 1990 between Accessorios Electronicos (Bel Fuse Macau Ltd.) and the Government of Macau. Incorporated by reference to Exhibit 10.2 of the Company's annual report on Form 10-K for the year ended December 31, 1994.

10.3 Loan agreement dated February 14, 1990 between Bel Fuse, Ltd. (as lender) and Luen Fat Lee Electronic Factory (as borrower). Incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

10.4 Stock Option Plan. Incorporated by reference to Exhibit 28.1 of the Company's Registration Statement on Form S-8 (Registration No.333-89376) filed with the Securities and Exchange Commission on May 29,2002.

10.5 Employment agreement between Elliot Bernstein and Bel Fuse Inc. dated October 29, 1997. Incorporated by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

10.6 Stock and Asset Purchase Agreement among Bel Fuse Ltd, Bel Fuse Macau, L.P.A., Bel Connector, Inc. and Bel Transformer, Inc. and Insilco Technologies, Inc. and certain of its subsidiaries, dated as of December 31, 2002, as amended by Amendment No. 1, dated as of March 21, 2003, to Stock and Asset Purchase Agreement, among Bel Fuse Inc., Bel Fuse Ltd., Bel Fuse Macau, L.D.A., Bel Connector Inc. and Bel Transformer Inc. and Insilco Technologies, Inc. and Certain of its Subsidiaries.

10.7 Amended and Restated Credit and Guarantee Agreement, dated as of March 21, 2003, by and among Bel Fuse Inc., as Borrower, the Subsidiary Guarantors party thereto and The Bank of New York, as Lender.

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(continued)

Exhibit No.:

11.1 A statement regarding the computation of earnings per share is omitted because such computation can be clearly determined from the material contained in this Annual Report on Form 10-K.

22.1 Subsidiaries of the Registrant.

23.1 Consent of Independent Auditors.

99.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.

99.2 Certification of the Vice-President of Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BEL FUSE INC.

BY: /s/ Daniel Bernstein

Daniel Bernstein, President, Chief Executive Officer and Director

/s/ Colin Dunn

Colin Dunn, Vice - President of Finance

Dated: March 21, 2003

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Daniel Bernstein and Colin Dunn as his/her attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place, and stead, in any and all capacities, to sign and file any and all amendments to this Annual Report on Form 10-K, with all exhibits thereto and hereto, and other documents with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Daniel Bernstein Daniel Bernstein	President, Chief Executive Officer and Director	March 21, 2003
/s/ Howard B. Bernstein Howard B. Bernstein	Director	March 21, 2003

/s/ Robert H. Simandl - ---------- Robert H. Simandl	Director	March 21, 2003
/s/ Peter Gilbert - ---------- Peter Gilbert	Director	March 21, 2003
/s/ John Tweedy - ---------- John Tweedy	Director	March 21, 2003
/s/ John Johnson - ---------- John Johnson	Director	March 21, 2003

I, Daniel Bernstein, certify that

1. I have reviewed this annual report on Form 10-K of Bel Fuse Inc;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 21, 2003

By: /s/ Daniel Bernstein

Daniel Bernstein, President and
Chief Executive Officer

I, Colin Dunn, certify that

1. I have reviewed this annual report on Form 10-K of Bel Fuse Inc;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 21, 2003

By: /s/ Colin Dunn

Colin Dunn, Vice President
of Finance

BEL FUSE INC. AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C	Column D	Column E	Column F
			Additions		
Description	Balance at beginning of period	Charged to profit and loss or income	Charged to other accounts (describe)	Deductions (describe)	Balance at close of period
Year ended December 31, 2002					
Allowance for doubtful accounts	$ 945,000	$	$ --	$	$ 945,000
Allowance for excess and obsolete inventory	$2,988,000	$ 2,622,000	$ --(a)	$ 2,474,000	$3,136,000
Year ended December 31, 2001					
Allowance for doubtful accounts	$ 945,000	$ --	$ --	$ --	$ 945,000
Allowance for excess and obsolete inventory	$2,847,000	$14,814,000	$ --(a)	$14,673,000	$2,988,000
Year ended December 31, 2000					
Allowances for doubtful accounts	$ 661,000	$ 1,454,000	$ --(a)	$ 1,170,000	$ 945,000
Allowance for excess and obsolete inventory	$1,542,000	$ 1,644,000	$ --(a)	$ 339,000	$2,847,000

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STOCK AND ASSET PURCHASE AGREEMENT

AMONG

BEL FUSE LTD.,

BEL FUSE MACAU, L.D.A.
BEL CONNECTOR INC. AND
BEL TRANSFORMER INC.,

AND

INSILCO TECHNOLOGIES, INC.

AND

CERTAIN OF ITS SUBSIDIARIES
SET FORTH ON THE SIGNATURE PAGES HERETO

DATED AS OF DECEMBER 15, 2002

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TABLE OF CONTENTS

DISCLOSURE SCHEDULE

The Disclosure Schedule shall include the following Schedules:

STOCK AND ASSET PURCHASE AGREEMENT

This Stock and Asset Purchase Agreement (this "Agreement") is made as of December 15, 2002 by and among Insilco Technologies, Inc., a Delaware corporation ("Insilco"), Stewart Connector Systems, Inc., a Pennsylvania corporation, InNet Technologies, Inc., a California corporation, Insilco International Holdings, Inc., a Delaware corporation, Signal Caribe, Inc., a Delaware corporation, Eyelets for Industry, Inc., a Connecticut corporation, Stewart Stamping Corp., a Delaware corporation, and Signal Transformer Co., Inc., a Delaware corporation, (each, a "Selling Subsidiary"; and, collectively with Insilco, the "Sellers" and each of the Sellers, a "Seller"), Bel Fuse Ltd., a Hong Kong corporation, Bel Fuse Macau, L.D.A., a Macau corporation, Bel Connector Inc., a Delaware corporation, and Bel Transformer Inc., a Delaware corporation, (each, a "Buyer"; and, collectively, the "Buyers").

WHEREAS, Insilco and the Selling Subsidiaries own all the issued and outstanding equity securities (the "Shares") of each of Insilco Technologies GmbH, a German corporation ("Insilco Technologies Germany"), Stewart Connector Systems de Mexico, S.A. de C.V., a Mexican corporation ("Stewart Connector Mexico"), Top East Corporation Limited, a Hong Kong corporation ("Top East"), Insilco Technologies International, a Hong Kong corporation ("ITI"), Sempco, S.A. de C.V., a Mexican corporation ("Sempco"), Signal Transformer Mexicana, S.A. de C.V., a Mexican corporation ("Signal Transformer Mexico"), and Signal Dominicana, S.A., a Dominican Republic corporation ("Signal Dominicana"; and, collectively with Insilco Technologies Germany, Stewart Connector Mexico, Top East, ITI, Sempco and Signal Transformer Mexico, the "Foreign Corporations" and each of the Foreign Corporations, a "Foreign Corporation");

WHEREAS, the Sellers, directly and through the Foreign Corporations, are engaged in the Business (as defined herein) at various locations around the world; and

WHEREAS, the Sellers wish to sell to the Buyers, and the Buyers wish to purchase from the Sellers, the Business, including the Shares and the Purchased Assets (as defined herein), and in connection therewith the Buyers are willing to assume from the Sellers all of the Assumed Liabilities (as defined herein), all upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, intending to be legally bound hereby and subject to the approval of the Bankruptcy Court as provided for herein, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. (a) As used in this Agreement, the following terms have the meanings specified in this Section 1.1(a).

"Accounts Payable" means (i) any and all accounts payable and current liabilities which (A) arise after the Petition Date and (B) are owed by the Business to third parties and (ii) any

accounts payable which (A) arise on or before the Petition Date and (B) are owed by the Foreign Corporations to third parties, together (in all cases) with any interest or unpaid financing charges accrued thereon.

"Accounts Receivable" means any and all accounts receivable, notes receivable and other amounts receivable owed to the Business, together with any interest or unpaid financing charges accrued thereon.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Ancillary Agreements" means the Bill of Sale, the Assumption Agreement, the Non-Competition Agreement, the Escrow Agreement and the Intellectual Property Assignment.

"Approval Order" means an order or orders entered by the Bankruptcy Court, to be submitted by the Sellers substantially in the form and substance of the order attached hereto as Exhibit E approving this Agreement and the Ancillary Agreements and all of the terms and conditions hereof and thereof, and approving and authorizing the Sellers to consummate the transactions contemplated hereby, including the sale of the Purchased Assets to the Buyers pursuant to Sections 363(b) and 363(f) of the Bankruptcy Code free and clear of all Encumbrances (other than Closing Encumbrances) and the sale of the Shares to the Buyers pursuant to Sections 363(b) and 363(f) of the Bankruptcy Code free and clear of all Encumbrances and authorizing the assumption and assignment of the Assumed Agreements pursuant to Section 365 of the Bankruptcy Code.

"Assumed Agreements" means any contract, agreement, real or personal property lease, commitment, understanding or instrument which primarily relates to the Business, the Shares or the Purchased Assets and which is listed on Exhibit A attached hereto.

"Assumption Agreement" means the assumption agreement to be executed and delivered by the Buyers and the Sellers at the Closing, such agreement to be

substantially in the form and substance of Exhibit B attached hereto.

"Audit Accountant" means PricewaterhouseCoopers LLP.

"Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. ss.ss. 101, et seq.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York or such other court having competent jurisdiction over the Chapter 11 Cases.

"Bid Procedures Order" means an order or orders entered by the Bankruptcy Court to be submitted by the Sellers substantially in the form and substance of the order attached hereto as Exhibit D approving (i) the form and manner of the notice of sale of assets contemplated by this Agreement, (ii) bidding procedures, (iii) termination fees payable to the Buyers and (iv) expense reimbursement in favor of the Buyers.

"Bill of Sale" means the bill of sale to be executed and delivered by the Sellers at the Closing, such bill of sale to be substantially in the form and substance of Exhibit C attached hereto.

"Business" means the Seller Parties' passive components business (as such business is generally described in Insilco Holding Co.'s Annual Report on Form 10-K for the year ended December 31, 2001, as such description may have changed in subsequent filings made by Insilco Holding Co. with the SEC prior to the date hereof or as such description may change to reflect the transactions contemplated hereby), including, without limitation, as conducted from the Business Real Properties described in Schedule 5.8(a) and Schedule 5.9(a) of the Disclosure Schedule, whether conducted under the name of Insilco or the name of any of the Affiliates of Insilco.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed in The City of New York.

"Business Real Properties" means the Leased Real Property and the Owned Real Property.

"Buyers' Representatives" means the Buyers' accountants, employees, counsel, financial advisors and other authorized representatives.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended through the Closing Date.

"Chapter 11 Cases" means the Sellers' cases commenced under Chapter 11 of the Bankruptcy Code.

"Closing Encumbrances" means (i) statutory liens for current Taxes or assessments not yet due or delinquent or the validity or amount of which is being contested in good faith by appropriate proceedings, (ii) zoning, entitlement, conservation restriction and other land use and environmental regulations by governmental authorities which, individually or in the aggregate, do not materially interfere with the present use or operation or materially impact the value of the Purchased Assets or the Business, (iii) all exceptions, restrictions, easements, charges, rights-of-way and other Encumbrances set forth in any state, local or municipal franchise under which the Business is conducted which, individually or in the aggregate, do not materially interfere with the present use or operation or materially impact the value of the Purchased Assets or the Business, and (iv) such other liens, imperfections in or failure of title, charges, easements, rights-of-way, encroachments, exceptions, restrictions and encumbrances which, when considered with the items referred to in clauses (i), (ii) and (iii), do not materially interfere with the present use or operation of the Purchased Assets or the Business or materially impact the value of the Purchased Assets or the Business and neither secure indebtedness or the payment of the deferred purchase price of property nor individually or in the aggregate create a Material Adverse Effect.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended and set forth in Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA.

"Code" means the Internal Revenue Code of 1986 (and the regulations thereunder), as amended.

"Confidential Information" means the Information (as defined in the Confidentiality Agreement) furnished to the Buyers' Representatives pursuant to the Confidentiality Agreement and subject to the confidentiality provisions thereof, and the confidential information relating to the Buyers provided to the Sellers by the Buyers.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of April 24, 2002, between Insilco Holding Co. and Bel Fuse, Inc.

"Copyrights" means all United States and foreign copyrights, whether registered or unregistered, and pending applications to register the same, to the extent that such copyrights and applications are owned by the Sellers and primarily used in the Business.

"Creditors' Committee" means the official committee of unsecured creditors appointed in connection with the Chapter 11 Cases.

"Disclosure Schedule" means the disclosure schedule attached hereto, dated as of the date hereof, and forming a part of this Agreement.

"Employee Plan" means each employee benefit plan, program, arrangement or contract (including, without limitation, any "employee benefit plan," as defined in Section 3(3) of ERISA) maintained, sponsored, contributed to or required to be contributed to by any Seller Party or any ERISA Affiliate for the benefit of any current or former employee, officer or director thereof engaged in the Business in the United States.

"Employee Records" means all existing personnel files related to employees and former employees of the Business.

"Encumbrances" means any mortgages, pledges, liens, claims (as defined in Section 101(5) of the Bankruptcy Code), charges, security interests, conditional and installment sale agreements, activity and use limitations, conservation easements, deed restrictions, encumbrances and charges of any kind.

"Environmental Laws" means all foreign, federal, state and local laws, statutes, regulations, rules, ordinances, codes, decrees, judgments, or judicial or administrative orders (i) relating to pollution (or the assessment, investigation or cleanup thereof or the filing of information with respect thereto), human health as such relates to exposure to Hazardous Substances, or the protection of air, surface water, ground water, drinking water supply, land (including land surface or subsurface), plant and animal life or any other natural resource or (ii) concerning exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production or disposal of Hazardous Substances, in each case as amended through the Closing Date. The term "Environmental Laws" includes: (A) CERCLA, the Clean Air Act, 42 U.S.C.A. ss.ss. 7401, et seq., the Clean Water Act, 33 U.S.C.A. ss.ss. 1251, et seq., the Solid Waste Disposal Act (including the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984), 42 U.S.C.A. ss.ss. 6901, et seq., the Toxic Substances Control Act, 15 U.S.C.A. ss.ss. 2601, et seq., the Federal Insecticide,

Fungicide, and Rodenticide Act, 7 U.S.C.A. ss.ss. 136, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C.A. ss.ss. 11001, et seq., and the Occupational Safety and Health Act of 1970 (as such Act relates to exposure to Hazardous Substances), 29 U.S.C.A. ss.ss. 51, et seq., each as amended through the Closing Date; and (B) any common law (including negligence, nuisance, trespass and strict liability) that may impose liability or obligations for injuries or damages due to the presence of, exposure to, or ingestion of, any Hazardous Substance.

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

"ERISA Affiliate" means any entity required to be aggregated with any Selling Party under Section 414 of the Code or Section 4001 of ERISA.

"Escrow Agent" means Bank of New York or such other financial institution as shall be mutually acceptable to Insilco and the Buyers.

"Escrow Agreement" means an escrow agreement to be executed and delivered by the Sellers, the Buyers and the Escrow Agent at the Closing, such agreement to be substantially in the form and substance of Exhibit F attached hereto.

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

"Excluded Subsidiaries" means all Subsidiaries of the Sellers other than the Selling Subsidiaries and the Foreign Corporations.

"Glen Rock Agreement" means the Installment Sales Agreement, as amended, between York County Industrial Development Corporation, a Pennsylvania nonprofit corporation, and Stewart Connector Systems, Inc., a Pennsylvania corporation, dated May 26, 1988.

"Glen Rock Property" means that property which is the subject of the Glen Rock Agreement.

"Governmental Authority" means any United States or non-United States federal, state, provincial, local or similar governmental, administrative or regulatory authority, department, agency, commission or body, or judicial or arbitral body.

"Hazardous Substances" means (i) any petrochemical or petroleum products, oil, coal tar, or coal ash, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation or polychlorinated biphenyls, and (ii) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "solid wastes," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "contaminants" or "pollutants" under any applicable Environmental Law.

"Intellectual Property" means all of the following property, rights or interest owned by the Seller Parties, used primarily in the Business in any jurisdiction throughout the world: (i) Patent Rights, (ii) Trademarks, technology, product drawings, computer software (other than off-

the-shelf commercially available software), corporate names and data and documentation (including electronic media), together with all goodwill associated with each of the foregoing, (iii) Copyrights and copyrightable works, (iv) registrations and applications for any of the foregoing and (v) trade secrets, know-how, customer lists and confidential information; provided that Intellectual Property shall not include the "Insilco" name, or any names similar thereto, or logos or Trademarks related thereto.

"Intellectual Property Assignment" means an intellectual property assignment to be executed and delivered by the Sellers and the Buyers at the Closing, such assignment to be substantially in the form and substance of Exhibit H attached hereto.

"Knowledge" means, as to a particular matter, the actual knowledge of (i) with respect to the Buyers, the chief executive officer, the chief financial officer and/or the general counsel, in each case, of Bel Fuse, Ltd., in each case without independent investigation and (ii) with respect to the Sellers, the chief executive officer, the chief financial officer and/or the general counsel, in each case, of Insilco Holding Co., in each case without independent investigation.

"Law" means any foreign or domestic federal, state, provincial, county, municipal or local law, statute, ordinance, rule, regulation, directive, order, writ, decree, injunction, judgment, stay, restraining order, permit, license, registration, code, requirement or requirement of any Governmental Authority.

"Leased Real Property" means the real property leased or sub-leased by the Seller Parties, as tenant or sub-tenant, that is primarily related to the Business, together with, to the extent leased or sub-leased by the Seller Parties primarily in connection with the Business, all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems, equipment and items of personal property of the Seller Parties (primarily related to the Business) attached or appurtenant thereto and all easements, licenses, rights and appurtenances relating to the foregoing.

"Liability" means any debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, mature or unmature or determined or determinable.

"Loss" means all Liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses).

"Material Adverse Effect" means any change or changes in, or effect on, the Business or the Purchased Assets that individually is, or in the aggregate are, reasonably likely (i) to be materially adverse to the assets, business, financial condition or results of operations of the Business, taken as a whole, or (ii) to be materially adverse to the condition of the Purchased Assets and the assets of the Foreign Corporations, taken as a whole, taking into account the Sellers' status as a debtor under Chapter 11 of the Bankruptcy Code, other than (i) any change or effect in any way resulting from or arising in connection with the Chapter 11 Cases or this Agreement or any of the transactions contemplated hereby (including any announcement with respect to the Chapter 11 Cases or this Agreement or any of the transactions contemplated hereby), (ii) changes in (A) economic, regulatory or political conditions generally or (B) general

business, regulatory or economic conditions relating to any industries in which the Sellers participates or (iii) any change in or effect on the Purchased Assets or the Business which is cured (including by the payment of money) by Insilco or any of its Affiliates before the Termination Date.

"Non-Competition Agreement" means a non-competition agreement to be executed and delivered by the Sellers at the Closing, such agreement to be substantially in the form and substance of Exhibit G attached hereto.

"Owned Real Property" means the real property owned by the Sellers that is primarily related to the Business, together with all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems, equipment and items of personal property of the Sellers (primarily related to the Business) attached or appurtenant thereto and all easements, licenses, rights and appurtenances relating to the foregoing.

"Patent Rights" means United States and foreign patents, patent applications, including provisional applications, continuations, continuations-in-part, divisions, reissues, patent disclosures, and inventions (whether or not patentable or reduced to practice) or improvements thereto owned by the Seller Parties and primarily used in the Business.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Encumbrances" means (i) statutory liens for current Taxes or assessments not yet due or delinquent or the validity or amount of which is being contested in good faith by appropriate proceedings, (ii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Seller Parties or the validity or amount of which is

being contested in good faith by appropriate proceedings, or pledges, deposits or other liens securing the performance of bids, trade contracts, leases or statutory obligations (including workers' compensation, unemployment insurance or other social security legislation), (iii) zoning, entitlement, conservation restriction and other land use and environmental regulations by governmental authorities which, individually or in the aggregate, do not materially interfere with the present use or operation of the Purchased Assets or the Business, (iv) all exceptions, restrictions, easements, charges, rights-of-way and other Encumbrances set forth in any state, local or municipal franchise under which the Business is conducted which, individually or in the aggregate, do not materially interfere with the present use or operation of the Purchased Assets or the Business, (v) liens existing under the Prepetition Credit Agreement and (vi) such other liens, imperfections in or failure of title, charges, easements, rights-of-way, encroachments, exceptions, restrictions and encumbrances which do not materially interfere with the present use or operation of the Purchased Assets or the Business or materially impact the value of the Purchased Assets or the Business and neither secure indebtedness or the payment of the deferred purchase price of property, nor individually or in the aggregate create a Material Adverse Effect.

"Person" means any individual, corporation, partnership, limited partnership, limited liability company, syndicate, group, trust, association or other organization or entity or government, political subdivision, agency or instrumentality of a government.

"Petition Date" means the date on which the Sellers file voluntary petitions under Chapter 11 of the Bankruptcy Code, which shall be a date not later than five (5) Business Days after the date of this Agreement.

"Pre-Closing Tax Period" means: (i) any Tax period ending on or before the Closing Date; and (ii) with respect to a Tax period that commences before but ends after the Closing Date, the portion of such period up to and including the Closing Date.

"Prepetition Agent" means Bank One, NA.

"Prepetition Credit Agreement" means the Second Amended and Restated Credit Agreement dated as of August 25, 2000, by and among Insilco, T.A.T. Technology Inc., various financial institutions as lenders and Bank One, N.A. as administrative agent.

"Sale Hearing" means the hearing at which the Bankruptcy Court considers entry of the Approval Order.

"SEC" means the United States Securities and Exchange Commission.

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

"Seller Parties" means the Sellers and the Foreign Corporations.

"Seller Party" means a Seller or a Foreign Corporation.

"Sellers' Representatives" means the Sellers' accountants, employees, counsel, financial advisors and other authorized representatives.

"Share Transfer and Assignment Agreement" means a share transfer and assignment agreement to be executed and delivered on behalf of the shareholder(s) of Insilco Technologies Germany and one of the Buyers at the Closing, such agreement to be substantially in the form and substance of Exhibit J attached hereto.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which the outstanding securities or equity interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions of such Person, corporation or other entity are owned directly or indirectly by such other Person.

"Tax" or "Taxes" means all taxes, charges, fees, duties, levies, penalties or other assessments of any kind or nature imposed by any Governmental Authority, including income, net or gross receipts, excise, personal and real property, sales, gain, use, license, custom duty, unemployment, capital stock, transfer, franchise, payroll, withholding, social security, minimum estimated, profit, gift, severance, value added, disability, premium, recapture, credit, occupation, service, leasing, employment, stamp, add-on minimum, alternative, intangible and other taxes, including interest, penalties or additions attributable thereto or attributable to any failure to comply with any requirement regarding Tax Returns.

"Tax Return" means any return, report, claim for refund, information return, declaration or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, to be filed (whether on a mandatory or elective basis) with any Governmental Authority.

"Trademarks" means all United States, state and foreign trademarks, service marks, logos, trade dress, trade names and Internet domain names (including all assumed or fictitious names under which the Business is conducting its business or has within the previous five (5) years conducted its business), whether registered or unregistered, and pending applications to

register the foregoing, owned by the Seller Parties and primarily used in the Business.

"U.S. GAAP" means United States generally accepted accounting principles in effect from time to time applied consistently throughout the periods involved.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988 (or any state or local equivalent), as amended.

(b) Each of the terms set forth below shall have the meaning ascribed thereto in the following section:

Definition	Location
"Accounts"	ss. 5.24
"Accounts Payable Amount"	ss. 3.2(c)
"Accounts Receivable Amount"	ss. 3.2(c)
"Affected Property"	ss. 5.10(h)
"Agreement"	Preamble
"Allocation"	ss. 7.7(e)
"Arbiter"	ss. 3.2(d)
"Assumed Liabilities"	ss. 2.4
"Auction"	ss. 7.12(b)
"Auction Date"	ss. 7.12(b)
"Auction Sale"	ss. 7.12(c)
"Audited Financial Statements"	ss. 8.2(i)
"Backup Bid"	ss. 7.12(a)(iii)
"Backup Bidder"	ss. 7.12(a)(iii)
"Balance Sheet"	ss. 5.6(a)
"Benchmark Working Capital Amount"	ss. 3.2(e)
"Bid Deadline"	ss. 7.12(a)(i)
"Buyer(s)"	Preamble
"Buyers' Overlapping Assets"	ss. 5.26
"Cash Price"	ss. 3.1
"Cause"	ss. 7.8(j)
"Closing"	ss. 4.1
"Closing Date"	ss. 4.1
"Cure Amount Ceiling"	ss. 2.6(b)
"Cure Amount Payment"	ss. 2.6(b)

Definition	Location
"Cure Amounts"	ss. 2.6(b)
"Deposit"	ss. 7.12(a)(iii)
"Disputed Items"	ss. 3.2(d)
"Employee Agreements"	ss. 7.8(i)
"Environmental Permits"	ss. 5.10(a)
"Escrowed Amount"	ss. 3.1
"Estimated Accounts Payable Amount"	ss. 3.2(a)
"Estimated Accounts Receivable Amount"	ss. 3.2(a)
"Estimated Accounts Report"	ss. 3.2(a)
"Estimated Foreign Corporation Closing Liabilities"	ss. 3.2(c)
"Estimated Inventory Amount"	ss. 3.2(b)

Definition	Location
"Estimated Working Capital Amount"	ss. 3.2(c)
"Excluded Assets"	ss. 2.3
"Excluded Liabilities"	ss. 2.5
"Expense Reimbursement"	ss. 7.12(c)
"Final Working Capital Amount"	ss. 3.2(d)
"Financial Statements"	ss. 5.6(a)
"Foreign Corporation Closing Liabilities"	ss. 3.2(c)
"Foreign Corporation(s)"	Recitals
"Foreign Corporation Employee"	ss. 7.8(a)
"Foreign Plans"	ss. 5.11(o)
"Insilco"	Preamble
"Insilco Technologies Germany"	Recitals
"Insilco Technologies Germany Shares"	ss. 5.4(a)
"Inventory"	ss. 2.2(a)
"Inventory Amount"	ss. 3.2(c)
"Inventory Date"	ss. 3.2(b)
"Inventory Determination"	ss. 3.2(b)
"ITI"	Recitals
"ITI Shares"	ss. 5.4(d)
"License Agreements"	ss. 5.17(b)
"Marked Agreement"	ss. 7.12(a)(ii)
"Material Agreements"	ss. 5.12
"Operating Names"	ss. 5.25
"Options"	ss. 5.9(b)
"Overbid Procedures"	ss. 7.12
"Overbids"	ss. 7.12(a)
"Permits"	ss. 5.14(a)
"Purchase Price"	ss. 3.1
"Purchased Assets"	ss. 2.2
"Qualified Bid"	ss. 7.12(a)(ii)
"Regulatory Approvals"	ss. 7.6(a)
"Resolution Period"	ss. 3.2(d)
"Retained Employee"	ss. 7.8(a)

Definition	Location
"Retained Employee Payment Amount"	ss. 7.8(j)
"Seller(s)"	Preamble
"Sellers' Estimated Closing Report"	ss. 3.2(c)
"Sellers' Overlapping Assets"	ss. 5.26
"Sellers' Retained Business"	ss. 5.26
"Selling Subsidiary"	Preamble
"Sempco"	Recitals
"Sempco Shares"	ss. 5.4(e)
"Shares"	Recitals
"Signal Dominicana"	Recitals
"Signal Dominicana Shares"	ss. 5.4(f)
"Signal Transformer Mexico"	Recitals

"Signal Transformer Mexico Shares"	ss. 5.4(g)
"Stewart Connector Mexico"	Recitals
"Stewart Connector Mexico Shares"	ss. 5.4(c)
"Successful Bid"	ss. 7.12(a)(iii)
"Successful Bidder"	ss. 7.12(a)(iii)
"Termination Date"	ss. 9.1(h)
"Third-Party Sale"	ss. 9.1(f)
"Top East"	Recitals
"Top East Shares"	ss. 5.4(b)
"Topping Fee"	ss. 7.12(c)
"Transfer Taxes"	ss. 7.7(b)
"Transferable Permits"	ss. 2.2(f)
"Transferred Employee"	ss. 7.8(a)
"Unaudited Annual Financial Statements"	ss. 5.6(a)
"WARN Notices"	ss. 7.8(e)
"WC Objection"	ss. 3.2(d)
"Welfare Plan"	ss. 5.11(j)

Section 1.2 Construction. The terms "hereby," "hereto," "hereunder" and any similar terms as used in this Agreement, refer to this Agreement in its entirety and not only to the particular portion of this Agreement where the term is used. The term "including", when used herein without the qualifier, "without limitation," shall mean "including, without limitation." Wherever in this Agreement the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The word "or" shall not be construed to be exclusive. Provisions shall apply, when appropriate, to successive events and transactions. All references to "$" are to United States Dollars.

ARTICLE II
PURCHASE AND SALE

Section 2.1 Purchase and Sale of the Shares. Upon the terms and subject to the conditions contained in this Agreement (including the entry of the Approval Order), at the Closing, the Sellers shall sell the Shares to the Buyers, and the Buyers shall, by payment of the Purchase Price, purchase and acquire the Shares from the Sellers, free and clear of all Encumbrances.

Section 2.2 Purchase and Sale of Assets. Except for the Excluded Assets, upon the terms and subject to the conditions contained in this Agreement (including the entry of the Approval Order), at the Closing, the Sellers shall sell, assign, convey, transfer and deliver to the Buyers, and the Buyers shall, by payment of the Purchase Price, purchase and acquire from the Sellers, free and clear of all Encumbrances (except for Closing Encumbrances), all of the right, title and interest that the Sellers possess as of the Closing in, to and under the real, personal, tangible and intangible property and assets of every kind and description, wherever located, used, developed for use or intended for use primarily in the conduct of the Business and related thereto and all other assets of the Sellers related to the Business unless specifically excluded in Section 2.3 (collectively, the "Purchased Assets"). Without limiting the effect of the foregoing, the parties hereto acknowledge and agree that the Purchased Assets shall include all right, title and interest of the Sellers in, to and under all of the following assets primarily relating to the Business (except the Excluded Assets):

(a) all raw materials, work in process, finished goods and packaging materials, samples and other materials generally included in the inventory of the Business in accordance with U.S. GAAP (the "Inventory");

(b) all equipment;

(c) all machinery, vehicles, furniture and other tangible personal property;

(d) all of the Accounts Receivable outstanding as of the Closing Date;

(e) the Assumed Agreements, in each case, to the extent the same are assignable as "executory contracts" under Section 365 of the Bankruptcy Code or to the extent assignment is consented to by the third party or third parties to such agreements, if required, including any and all deposits and letters of credit related to any such Assumed Agreements;

(f) the Permits, in each case, to the extent the same are assignable (the "Transferable Permits");

(g) to the extent assignable as "executory contracts" under Section 365 of the Bankruptcy Code or to the extent assignment is consented to by the third party or third parties to such agreements, if required, all License Agreements and all confidentiality, noncompete, non-disparagement or nondisclosure agreements executed by vendors, suppliers or employees of the Sellers or other third parties, in each case, primarily relating to the Business;

(h) originals or copies of all Employee Records of the Sellers in respect of employees of the Business who become Transferred Employees or who are employees of the Foreign Corporations;

(i) except as set forth on Schedule 2.3(d) of the Disclosure Schedule and subject to Section 2.3(d), all of the rights, claims or causes of action of the Sellers against any third party primarily related to the Purchased Assets, the operation of the Business or the Assumed Liabilities or Assumed Agreements arising out of transactions occurring prior to the Closing Date, except where such rights, claims or causes of action relate to Excluded Liabilities; to the extent such rights, claims or causes of action relate to both Assumed Liabilities and Excluded Liabilities, the Buyers and the Sellers shall share such rights, claims or causes of action in the same proportion as their respective liabilities bear to the total liability relating to those rights, claims or causes of action;

(j) to the extent assignable under Section 365 of the Bankruptcy Code, all Intellectual Property, together with all related income, royalties, damages and payments due or payable at the Closing or thereafter (including damages and payments for past or future infringements or misappropriations thereof), the right to sue and recover for past infringements or misappropriations thereof, any and all corresponding rights that, now or hereafter, may be secured throughout the world and all copies and tangible embodiments of any such Intellectual Property;

(k) (i) to the extent assignable under Section 365 of the Bankruptcy Code or to the extent consented to by the insurance providers, if required, the rights of the Sellers pertaining primarily to the Business under those insurance policies which primarily cover risks covering the Business or the Purchased Assets, together with any rights to insurance proceeds from any insurance policies owned by the Sellers and pertaining primarily to the Business, other than insurance proceeds from insurance policies for workers' compensation, director and officer liability and fiduciary liability; provided that to the extent that the rights to such insurance proceeds relate to a claim against the Sellers that is not an Assumed Liability and is not a Liability of the Foreign Corporations, the Sellers shall retain the rights to such insurance proceeds and the Sellers shall not transfer the rights to such insurance proceeds to the Buyers and (ii) any proceeds from any insurance policies relating to claims arising after the date hereof relating to the business of the Foreign Corporations;

(l) all rights under all accounts of the customers of the Business which, at the Closing Date, are users of any of the services or purchasers of any of the products provided by the Sellers in the operation of the Business, including all rights under any contracts or agreements relating to such accounts to the extent such contracts or agreements are assignable as "executory contracts" under Section 365 of the Bankruptcy Code or to the extent consented to by the third party or third parties to such contracts or agreements;

(m) all evidences of indebtedness or other interests issued by any Person other than any Seller Party or any Affiliate thereof and owned by any of the Sellers primarily in connection with the Business;

(n) the Owned Real Property;

(o) all (i) brochures, catalogues, literature, forms, advertising materials and media primarily relating to the Business which are located at the Business Real Properties and (ii) sales data, mailing lists and the content on the Sellers' respective websites primarily used in the Business;

(p) to the extent transferable, all rights of the Sellers in and to all telephone, telefax and data numbers primarily used in the Business;

(q) the full benefit of all warranties, warranty rights, performance bonds and indemnities (except for indemnities related to any litigation that the Seller Parties are involved in) which apply to any of the Purchased Assets;

(r) all rights of the Sellers in products in development primarily used in or relating to the Business;

(s) all rights of the Sellers under any purchase orders for products or merchandise to be sold by the Sellers in respect of the Business which arise in the ordinary course of business to the extent outstanding as of the Closing Date;

(t) all of the Sellers' rights to easements, rights of way, variances, conditional uses, nonconforming uses, servitudes, leases, licenses, privileges and options, which rights are primarily used, held by or relating or appurtenant to the Business, the Business Real Properties or any real estate lease primarily relating to the Business to which any of the Sellers is a party (provided such real estate lease is within the definition of the phrase "executory contracts" as defined under Section 365 of the Bankruptcy Code), in each case, to the extent that such rights are transferable;

(u) (i) all security deposits and other forms of security for the performance of any agreements which constitute a portion of the Purchased Assets, (ii) all refundable security deposits and prepaid expenses relating to the Purchased Assets and (iii) any sums deposited, escrowed or otherwise set aside by or on behalf of any Seller Party in compliance with Law as a result of or in connection with any Assumed Liability;

(v) any Tax refund payable to or paid to any Foreign Corporation after the date hereof;

(w) all system passwords, resets, encryption technology, archives, log files, engineering designs, software agreements, software configurations, source codes and object codes maintained by the Sellers primarily relating to the Business; and

(x) all other assets owned by the Sellers and related primarily to the Business, whether or not reflected on the books and records of any of the Seller Parties, all books, records, ledgers, data and information, files, documents and correspondence primarily relating to the Business, all regulatory filings primarily relating to the rates and services provided by the Sellers in connection with the operation of the Business, all general, financial and accounting records, sales correspondence, customer lists, credit and sales

records, purchasing records, data processing records, copies of all documents and records primarily relating to the Purchased Assets, outstanding or uncollected sales orders and sales order log books, correspondence records with respect to customers and supply sources, and all papers primarily relating to, or necessary to the conduct of, the Business, including drawings, engineering, manufacturing and assembly information, operating and training manuals, manuals and data, catalogs, quotations, bids, sales and promotional materials, research and development records, prototypes and models, lists of present and former suppliers, customer credit information, customers' pricing information, plans, studies and analyses, whether prepared by any of the Seller Parties or a third party, primarily relating to the Business.

Section 2.3 Excluded Assets. Notwithstanding any provision herein to the contrary, the Sellers shall not sell, convey, assign, transfer or deliver to the Buyers, and the Buyers shall not purchase, and the Purchased Assets shall not include, the Sellers' right, title and interest in and to the following assets of the Sellers (the "Excluded Assets"):

(a) cash (including all cash residing in any collateral cash account securing any obligation or contingent obligation of the Sellers), cash equivalents and bank deposits, subject to the Buyers' rights under Section 2.2(u) and Section 2.2(v), and any amount of indebtedness for borrowed money owed by an Affiliate of any Seller to any Seller Party;

(b) any equity interests held by the Sellers other than the Shares;

(c) rights to (i) any Tax refunds relating to the Business or the Purchased Assets that are attributable to any Pre-Closing Tax Period, whether such refund is received as a payment or as a credit against future Taxes and (ii) any net operating losses relating to the Business or the Purchased Assets; provided, however, that any Tax refund that is payable to or paid to any Foreign Corporation after the date hereof and any net operating loss carryforward usable by any Foreign Corporation shall not be deemed an Excluded Asset.

(d) the Sellers' claims, causes of action, choses in action and rights of recovery pursuant to Sections 544 through 550 and Section 553 of the Bankruptcy Code, any other avoidance actions under any other applicable provisions of the Bankruptcy Code and the claims, causes of action, choses in action and rights of recovery set forth on Schedule 2.3(d) of the Disclosure Schedule;

(e) subject to Section 7.2(c), the corporate charter, qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, blank stock certificates, and other documents relating to the organization, maintenance, and existence of the Sellers as corporations, and, except as contemplated by Section 2.2(x), any books, records or the like of the Sellers;

(f) all of the assets set forth on Schedule 2.3(f) of the Disclosure Schedule;

(g) the "Insilco" name, or any names similar thereto, or logos, trade names, service marks or Trademarks related thereto;

(h) all of the agreements to which any of the Seller Parties is a party which are not Assumed Agreements or License Agreements and any and all customer deposits, customer advances and credits and security deposits related to any such agreements which are not Assumed Agreements or License Agreements;

(i) the rights of the Sellers under this Agreement and the Ancillary Agreements;

(j) all of the real, personal, tangible or intangible property (including Intellectual Property) or assets owned by the Excluded Subsidiaries except to the extent that such property or assets primarily relate to the Business;

(k) any and all assets of any Seller or an Affiliate of any Seller primarily related to the custom assemblies or precision stampings business segments operated by Insilco and its Subsidiaries, including, without limitation, Sellers' Overlapping Assets;

(l) any and all amounts or other obligations owing to any Seller Party by Insilco Holding Co. or any Affiliate of Insilco Holding Co.;

(m) any and all prepaid workers' compensation premiums (other than with respect to individuals who become Transferred Employees or who are employees of the Foreign Corporations);

(n) claims against current or former directors, officers or other employees of, or agents, accountants or other advisors of or to, the Sellers;

(o) all Employee Records in respect of employees of the Business who do not become Transferred Employees and who are not employees of the Foreign Corporations; and

(p) any insurance policies and proceeds not included as Purchased Assets pursuant to Section 2.2(k).

Section 2.4 Assumed Liabilities. Except for the Excluded Liabilities, upon the terms and subject to the satisfaction of the conditions contained in this Agreement (and subject to the entry of the Approval Order), on the Closing Date, the Buyers shall execute and deliver to the Sellers the Assumption Agreement pursuant to which the Buyers shall assume and agree to pay, perform and discharge when due the following liabilities and obligations of the Sellers (the "Assumed Liabilities"), in accordance with the respective terms and subject to the respective conditions thereof:

(a) liabilities and obligations of the Sellers under the Assumed Agreements, the License Agreements (to the extent assigned) and the Transferable Permits in accordance with the terms thereof for periods occurring after the Closing Date;

(b) the liabilities and obligations relating to (i) any customer deposits and customer advances and credits, (ii) the security deposits and (iii) letters of credit or similar instruments securing customer deposits, advances or credits, in all such cases only with respect to customer accounts which are assigned to the Buyers and only with respect

to dollar amounts (if they exceed $25,000 in the aggregate) disclosed to the Buyers within two (2) Business Days prior to the Closing; provided, however, that to the extent that such liabilities and obligations exceed $25,000 in the aggregate, then such liabilities and obligations in excess of $25,000 in the aggregate shall be assumed by the Buyers only to the extent that the Cash Price is reduced, prior to the consummation of the Closing, by such excess amount;

(c) liabilities and obligations assumed by, or allocated to, the Buyers pursuant to Section 7.7;

(d) all of the liabilities and obligations of the Sellers allocated to the Buyers pursuant to Section 7.8;

(e) all of the Accounts Payable other than the Accounts Payable of the Foreign Corporations (it being agreed that the Accounts Payable of the Foreign Corporations shall continue to be the obligations of the Foreign Corporations after the Closing and not obligations of the Sellers) ; and

(f) all liabilities and obligations related to the Purchased Assets, the Shares or the Business arising from any actions or omissions occurring after the Closing Date.

Section 2.5 Excluded Liabilities. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, THE BUYERS SHALL NOT ASSUME OR BE OBLIGATED TO PAY, PERFORM OR DISCHARGE ANY LIABILITIES OR OBLIGATIONS OF THE SELLERS OTHER THAN THE ASSUMED LIABILITIES (ALL LIABILITIES AND OBLIGATIONS OTHER THAN THE ASSUMED LIABILITIES ARE REFERRED TO HEREIN AS THE "EXCLUDED LIABILITIES"). The Excluded Liabilities include (a) all liabilities that the Sellers may have with respect to the underfunding of any Employee Plan relating to the Business, (b) all guarantees by any Seller of the Liabilities of Insilco or any of its Affiliates other than as specified in Section 7.17 and (c) all Taxes of the Sellers attributable to the Purchased Assets and the Business with respect to any Pre-Closing Tax Period, provided that, for this purpose, with respect to any such Taxes that are payable with respect to a taxable period that begins before the Closing Date and that ends after the Closing Date (but excluding for the avoidance of doubt, any Taxes referred to and governed by Section 7.7(b)), the portion of such Taxes allocable to the portion of such taxable period ending on the Closing Date shall be considered to equal the amount of such Taxes for such taxable period, multiplied by a fraction, the numerator of which of which is the number of days in the portion of such taxable period ending on the Closing Date and the denominator of which is the number of days in the entire taxable period.

Section 2.6 Assumption of Certain Leases and Other Contracts. The Approval Order shall provide for the assumption by the Sellers and assignment to the Buyers, effective upon the Closing, of the Assumed Agreements on the following terms and conditions:

(a) At the Closing, the Sellers shall assume and assign to the Buyers the Assumed Agreements. The Assumed Agreements are listed on Exhibit A hereto. Simultaneously with delivery of cure amount notices (in accordance with the terms of the Bid Procedures

Order) to the other party or parties to the Assumed Agreements, Sellers shall deliver a copy of such cure amount notices to Buyers (such notices to include the estimated amounts necessary to cure monetary and non-monetary defaults, if any, under each of such Assumed Agreements as determined by the Sellers based on the Sellers' books and records, the date of the Assumed Agreement (if available), the other party or parties to the Assumed Agreement and the address of such party or parties, as the case may be). From and after the date hereof until three (3) Business Days prior to the commencement of the Sale Hearing, the Sellers shall make such additions and deletions to the list of the Assumed Agreements as the Buyers shall request and the Sellers shall give prompt notice of any such addition or deletion to the respective counsels to the Prepetition Agent and the Creditors' Committee, and to the third parties to each such executory contract added to or deleted from the list of the Assumed Agreements.

(b) If Insilco advises the Buyers at or prior to the Closing Date that there exists on the Closing Date any defaults under the Assumed Agreements, the Buyers shall be responsible for (i) the first $150,000 (the "Cure Amount Ceiling") of Cure Amounts (as defined below) associated with personal property leases and/or real estate leases constituting Assumed Agreements and (ii) all other Cure Amounts under all other Assumed Agreements. At the Closing, the Buyers shall provide funds to the Sellers (by wire transfer of immediately available U.S. funds) in an amount equal to (i) with respect to the Assumed Agreements which are personal property leases and/or real estate leases, the lesser of the aggregate Cure Amounts for such Assumed Agreements and the Cure Amount Ceiling plus (ii) with respect to all other Assumed Agreements, the aggregate Cure Amounts for such Assumed Agreements (the aggregate amount of clauses (i) and (ii) being the "Cure Amount Payment"). Promptly (and in any event by the end of the next Business Day) upon receipt by the Sellers of the Cure Amount Payment and the Purchase Price at the Closing, the Sellers shall pay all Cure Amounts for all Assumed Agreements. The Sellers, jointly and severally, shall be responsible for paying all Cure Amounts and shall pay such Cure Amounts from, and promptly (and in any event, by the end of the next Business Day) upon receipt of, such funds and the Purchase Price. For purposes of this Agreement, "Cure Amount" means any and all amounts to be cured pursuant to Section 365(a) of the Bankruptcy Code as a condition to the assumption and assignment of such Assumed Agreements.

(c) The Buyers shall be solely responsible for any and all costs and expenses necessary in connection with providing adequate assurance of future performance, i.e., for periods after the Closing Date, with respect to any of the Assumed Agreements under Section 365 of the Bankruptcy Code.

(d) In addition to the payment of the Purchase Price and the payment of the Cure Amounts and expenses referred to in clause (c) above, on the Closing Date, the Buyers shall reimburse the Sellers in cash and in full for any and all postpetition deposits, advances, credits and security deposits and replace any letters of credit, in all such cases, related to any agreements of the Sellers with third parties transferred to the Buyers pursuant to Section 2.2; provided, however, the Buyers shall not be obligated to reimburse the Sellers for any postpetition deposits, advances, credits and security deposits or be obligated to replace any postpetition letters of credit in the event that, prior

to the Closing Date, (i) the Sellers fail to provide the Buyers with copies of written postpetition correspondence which evidences that a third party required the Sellers to provide such third party with such deposit, advance, credit, security deposit or letter of credit, (ii) the Sellers fail to provide the Buyers written evidence that the Sellers delivered such deposit, advance, credit, security deposit or secured a letter of credit to/on behalf of such third party or (iii) the Buyers make a reasonable good faith determination that (y) the Buyers will not be entitled to the return of, recover or otherwise use for their benefit any such deposit, advance, credit or security deposit and/or (z) the Buyers will be required to secure a replacement letter of credit, as applicable.

ARTICLE III
PURCHASE PRICE

Section 3.1 Purchase Price. In consideration for the Shares and the Purchased Assets, and subject to the terms and conditions of this Agreement and the entry of the Approval Order, at the Closing the Buyers shall (a) assume the Assumed Liabilities as provided in Section 2.4, (b) pay one million dollars ($1,000,000) to the Escrow Agent to be held and disbursed pursuant to the terms of the Escrow Agreement (the "Escrowed Amount"), (c) pay to the Sellers (in immediately available funds, by wire transfer to an account or accounts designated by Insilco) the Cure Amount Payment and (d) pay to the Sellers, in immediately available funds, by wire transfer to an account or accounts designated by Insilco, an amount in cash equal to thirty five million dollars ($35,000,000) less the Escrowed Amount (the "Cash Price"). The sum of the Cure Amount Payment, the Escrowed Amount and the Cash Price, as same may be adjusted (i) downward pursuant to Section 2.4(b), (ii) upward pursuant to Section 2.6(d) and (iii) upward or downward pursuant to Section 3.2, is referred to herein as the "Purchase Price."

Section 3.2 Purchase Price Adjustment. (a) Delivery of Estimated Accounts Report. At least two (2) Business Days prior to the Closing, the Sellers shall deliver to the Buyers a report reflecting the Sellers' good faith estimate of all of the Accounts Receivable and the Accounts Payable as of the Closing Date (the "Estimated Accounts Report"). The Estimated Accounts Report shall (i) identify the dollar amount of each Account Receivable and Account Payable, (ii) identify the entity to which each Account Receivable and Account Payable pertains, (iii) exclude Accounts Receivable and Accounts Payable due to any of the Sellers from any of the other Seller Parties or from any Affiliate of any of the Sellers and (iv) include an aging schedule for each Account Receivable reflecting, as of the Closing Date, the aggregate amount of the Accounts Receivable outstanding that: (A) would not be past due; (B) would be past due 30 days or less; (C) would be past due more than 30 days but less than or equal to 60 days; and (D) would be past due more than 60 days. The aggregate dollar value of the Accounts Receivable and Accounts Payable evidenced on the Estimated Accounts Report shall be determined in a manner consistent with U.S. GAAP and the determination of the value of Accounts Receivable and Accounts Payable in the Financial Statements and shall be referred to herein as the "Estimated Accounts Receivable Amount" and the "Estimated Accounts Payable Amount", as applicable.

(b) Taking of Inventory; Inventory Report. Prior to the date hereof, the Buyers' accountants and Insilco's accountants have taken a joint physical inventory of the Inventory,

wherever located (the "Inventory Determination"). Prior to Closing, Insilco shall update the Inventory Determination through a date as near to the Closing Date as practicable (the "Inventory Date"), through application of methodologies and procedures consistent with the Sellers' past practices of inventory determination utilized in the preparation of the Financial Statements. The Sellers shall prepare a report setting forth the aggregate value of the Inventory of the Business as of the Inventory Date (the "Estimated Inventory Amount"), determined in accordance with the procedures set forth above.

(c) Closing Report. On the second (2nd) Business Day prior to the Closing, the Sellers shall deliver to the Buyers a report ("Sellers' Estimated Closing Report") which identifies (i) the Estimated Accounts Receivable Amount, (ii) the Estimated Inventory Amount, (iii) the Estimated Accounts Payable Amount and (iv) the Sellers' estimate of all Liabilities of the Foreign Corporations (other than Accounts Payable and Liabilities for Taxes) as of the Closing Date but only to the extent that such Liabilities are required to be reflected on a balance sheet prepared in accordance with U.S. GAAP and in a manner consistent with the preparation of the Financial Statements (the "Estimated Foreign Corporation Closing Liabilities"). Within five (5) Business Days after the Closing, the Sellers shall, working in cooperation with the Buyers, deliver a report (the "Sellers' Closing Report") which identifies (i) the dollar value of all Accounts Receivable (the "Accounts Receivable Amount") and Accounts Payable (the "Accounts Payable Amount") as of the Closing Date, determined using the procedures and methodologies set forth in Section 3.2(a), (ii) the value of the Inventory of the Business as of the Closing Date, determined using the methodologies and procedures set forth in Section 3.2(b) (the "Inventory Amount") and (iii) all Liabilities of the Foreign Corporations (other than Accounts Payable and Liabilities for Taxes) as of the Closing Date, but only to the extent that such Liabilities are required to be reflected on a balance sheet prepared in accordance with U.S. GAAP and in a manner consistent with the preparation of the Financial Statements (the "Foreign Corporation Closing Liabilities"). The sum of the Accounts Receivable Amount plus the Inventory Amount, less the Accounts Payable Amount and less the Foreign Corporation Closing Liabilities, in each case as set forth in the Sellers' Closing Report, shall be referred to herein as the "Estimated Working Capital Amount."

(d) Disputes. Concurrent with the delivery of the Sellers' Closing Report and until such time as all disputes are resolved pursuant to this Section 3.2(d), the Sellers shall deliver to the Buyers such back-up information as the Buyers' Representatives shall reasonably request in order to review the calculation of the Accounts Receivable Amount, the Inventory Amount, the Accounts Payable Amount and the Foreign Corporation Closing Liabilities. In the event that the Buyers believe that the Sellers' Closing Report overstates or understates the Accounts Receivable Amount, the Inventory Amount, the Accounts Payable Amount and/or the Foreign Corporation Closing Liabilities, the Buyers shall, within ten (10) Business Days after the Buyers' receipt of the Sellers' Closing Report, advise Insilco in writing of any objections that the Buyers may have with respect to the Sellers' Closing Report (any such objection shall (x) be set forth in reasonable detail, (y) include supporting calculations and documentation and (z) propose an adjustment to the Estimated Working Capital Amount) (a "WC Objection"); provided, however, that the Buyers shall not object to the Inventory Amount based upon the methodologies and procedures utilized in determining the Inventory Amount, provided that such methodologies and procedures are consistent with the Sellers' past practices of inventory determination utilized in the preparation of the Financial Statements. In the event that the Buyers fail to deliver to

Insilco a WC Objection within such ten (10) Business Day period, the Buyers shall be deemed to have accepted and consented to the calculations and determinations made in the Sellers' Closing Report and the calculation of the Estimated Working Capital Amount contained in the Sellers' Closing Report shall be deemed to be the "Final Working Capital Amount." In the event that the Buyers deliver a WC Objection within ten (10) Business Days after the Buyers' receipt of the Sellers' Closing Report, the Buyers and Insilco shall utilize commercially reasonable efforts to try to resolve the objections set forth in the WC Objection (the "Disputed Items") within ten (10) Business Days of Insilco's receipt of a WC Objection (the "Resolution Period"). If the Buyers and Insilco are unable to resolve the Buyers' objections within the Resolution Period, Insilco and the Buyers shall refer the Disputed Items to the New York office of BDO Siedman or, if such firm is unwilling or unable to serve, the Buyers and Insilco shall engage another mutually acceptable accounting firm (BDO Siedman or such other firm, the "Arbiter"), in either case within five (5) Business Days of the end of the Resolution Period, to determine how the Disputed Items should be resolved. The Buyers and Insilco shall use reasonable efforts to cause the Arbiter, within ten (10) Business Days after it is selected, to (y) resolve all of the Disputed Items, based solely upon the provisions of this Agreement, such data as the Arbiter shall request from the Buyers and Insilco and the presentations by the Buyers, Insilco and their respective representatives, and not by independent review, and (z) re-calculate the Estimated Working Capital Amount by giving effect to the Arbiter's resolution of the Disputed Items. In resolving any Disputed Item, the Arbiter: (x) shall limit its review to matters specifically set forth in the WC Objection; (y) shall further limit its review to whether the calculations are mathematically accurate and have been prepared in accordance with the provisions of this Agreement; and (z) shall not assign a value to any item greater than the greatest value for such item claimed by a party hereto or less than the smallest value for such item claimed by a party hereto. The calculation by Insilco and the Buyers or by the Arbiter, as the case may be, of the Accounts Receivable Amount plus the Inventory Amount minus the Accounts Payable Amount and minus the Foreign Corporation Closing Liabilities in accordance with this Section 3.2(d) shall be final, conclusive and binding and shall serve as the "Final Working Capital Amount." The fees and expenses of the Arbiter shall be shared equally between the Buyers and Insilco, with Insilco's obligations to be satisfied from the Escrowed Amount pursuant to the terms of the Escrow Agreement.

(e) Purchase Price Adjustment. On the third (3rd) Business Day following the date on which the Final Working Capital Amount is determined, the Purchase Price shall be adjusted as follows: in the event that (i) the Final Working Capital Amount is greater than $24,057,000 (the "Benchmark Working Capital Amount"), the Purchase Price shall be increased, on a dollar for dollar basis, in an amount equal to the lesser of (y) one million dollars ($1,000,000) and (z) the difference between the Final Working Capital Amount and the Benchmark Working Capital Amount and the Buyers shall deliver such lesser amount to the Sellers by wire transfer to one or more accounts designated by Insilco or (ii) the Final Working Capital Amount is less than the Benchmark Working Capital Amount, the Purchase Price shall be reduced, on a dollar for dollar basis, in an amount equal to the lesser of (y) one million dollars ($1,000,000) and (z) the difference between the Benchmark Working Capital Amount and the Final Working Capital Amount and the Buyers shall be entitled to receive from the Escrowed Amount, pursuant to the Escrow Agreement, an amount equal to such lesser amount; provided, however, (A) if such lesser amount exceeds the funds available for distribution pursuant to the Escrow Agreement then the Buyers shall be entitled to receive only such available funds (and the

Sellers shall not be obligated to the Buyers for any amount in excess of such available funds) and (B) if such lesser amount is less than such available funds, then after payment to the Buyers of such lesser amount pursuant to this Agreement and the Escrow Agreement any remaining balance of such available funds shall be immediately transferred to the Sellers.

ARTICLE IV
THE CLOSING

Section 4.1 Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII of this Agreement, the closing of the sale of the Shares and the Purchased Assets and the assumption of the Assumed Liabilities and Assumed Agreements contemplated by this Agreement (the "Closing") shall take place at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York, at 10:00 A.M. (local time) no later than the fifth (5th) Business Day following the date on which the conditions set forth in such Article VIII have been satisfied (other than the conditions with respect to actions the respective parties hereto will take at the Closing itself) or, to the extent permitted, waived in writing, or at such other place or time as the Buyers and Sellers may mutually agree. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date."

Section 4.2 Deliveries by the Sellers. At or prior to the Closing, the Sellers shall deliver the following to the Buyers:

(a) stock certificates or similar instruments evidencing the Shares duly endorsed in blank, or accompanied by stock powers duly executed in blank, and with all required stock transfer tax stamps affixed;

(b) the Bill of Sale, duly executed by the Sellers and all such other instruments of assignment or conveyance as shall be reasonably necessary to transfer to the Buyers all of the Sellers' right, title and interest in, to and under all of the Purchased Assets and the Shares, in accordance with this Agreement, in each case duly executed by the Sellers;

(c) all consents, waivers or approvals obtained by the Sellers with respect to the Purchased Assets, the transfer of the Transferable Permits and the consummation of the transactions required in connection with the sale of the Purchased Assets contemplated by this Agreement, to the extent specifically required hereunder;

(d) the certificate contemplated by Section 8.2(b);

(e) the Assumption Agreement, duly executed by the Sellers;

(f) the Intellectual Property Assignment, duly executed by the Sellers;

(g) the Non-Competition Agreement, duly executed by the Sellers;

(h) the Escrow Agreement, duly executed by the Sellers;

(i) certified copies of the Certificate of Incorporation and the Bylaws (or similar governing documents) of each of the Sellers, each as in effect as of the Closing;

(j) certified copies of the resolutions duly adopted by the board of directors of each of the Sellers authorizing the execution, delivery and performance of this Agreement and each of the other transactions contemplated hereby;

(k) deeds and other necessary documents of conveyance (as customarily utilized in the sale of commercial real property in the states where each Owned Real Property is located) evidencing the conveyance of each Owned Real Property to the Buyers;

(l) the Share Transfer and Assignment Agreement, duly executed on behalf of the shareholder of Insilco Technologies Germany before a German or Swiss Notary Public; and

(m) all such other agreements, documents, instruments and writing as are required to be delivered by Sellers at or prior to the Closing Date pursuant to this Agreement.

Section 4.3 Deliveries by the Buyers. At or prior to the Closing, the Buyers shall deliver the following:

(a) to the Sellers, an amount of cash equal to the Cash Price less all amounts required by Section 2.4(b) plus all amounts required by Section 2.6(d), by wire transfer of immediately available U.S. funds to an account or accounts designated by Insilco;

(b) to the Sellers, an amount of cash equal to the Cure Amount Payment, by wire transfer of immediately available U.S. funds to an account or accounts designated by Insilco;

(c) to the Sellers, an amount of cash equal to the Retained Employee Payment Amount, by wire transfer of immediately available U.S. funds to an account or accounts designated by Insilco;

(d) to the Escrow Agent, an amount of cash equal to the Escrowed Amount;

(e) to Insilco, certified copies of the Certificate of Incorporation and the Bylaws (or similar governing documents) of each of the Buyers, each as in effect as of the Closing;

(f) to Insilco, certified copies of the resolutions duly adopted by the board of directors of each of the Buyers authorizing the execution, delivery and performance of this Agreement and each of the other transactions contemplated hereby;

(g) to Insilco, the Assumption Agreement, duly executed by the Buyers;

(h) to Insilco, the Escrow Agreement, duly executed by the Buyers;

(i) to Insilco, the Intellectual Property Assignment, duly executed by the Buyers;

(j) to Insilco, the Share Transfer and Assignment Agreement, duly executed on behalf of one of the Buyers before a German or Swiss Notary Public;

(k) to Insilco, the certificate contemplated by Section 8.3(b);

(l) to Insilco, all such other instruments of assumption as shall be reasonably necessary for the Buyers to assume the Assumed Liabilities in accordance with this Agreement; and

(m) all such other agreements, documents, instruments and writings as are required to be delivered by the Buyers at or prior to the Closing Date pursuant to this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE SELLERs

The Buyers specifically acknowledge and agree to the following with respect to the representations and warranties of the Sellers:

A. The Buyers have conducted their own due diligence investigations of the Business.

B. Except when the context otherwise requires, the Sellers make no representations or warranties in this Article V with respect to the Excluded Assets or the Excluded Liabilities.

As an inducement to the Buyers to enter into this Agreement and to consummate the transactions contemplated hereby, the Sellers, jointly and severally, represent and warrant to the Buyers as follows:

Section 5.1 Organiz ation; Qualification of the Sellers. Each Seller (a) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own, lease, and operate the Purchased Assets and to carry on the Business as is now being conducted except where the failure to be so qualified or licensed and in good standing would not have a Material Adverse Effect and (b) as related to the operation of the Business, is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except in those jurisdictions where the failure to be so duly qualified or licensed and in good standing would not have a Material Adverse Effect. Each Seller has heretofore furnished to the Buyers complete and correct copies of the certificates of incorporation and by-laws or similar organizational documents of each Seller as presently in effect. None of the Business has been conducted by or from any of the Excluded Subsidiaries since June 2001.

Section 5.2 Authority Relative to this Agreement. Each Seller has all corporate power and, upon entry and effectiveness of the Approval Order, will have all corporate authority

necessary to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the board of directors or other similar governing body of each Seller and no other corporate proceedings on the part of any Seller is necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each Seller, and assuming that this Agreement constitutes a valid and binding agreement of the Buyers, and subject to the entry and effectiveness of the Approval Order, constitutes a valid and binding agreement of each Seller, enforceable against each Seller in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 5.3 Organization, Authority and Qualification of the Foreign Corporations. (a) Each Foreign Corporation is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as it has been and is currently conducted, except to the extent that the failure to be in good standing would not materially adversely affect the ability of the Foreign Corporations to conduct the Business or otherwise have a Material Adverse Effect. Each Foreign Corporation is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of the Business makes such licensing or qualification necessary or desirable, except to the extent that the failure to be so licensed or qualified and in good standing would not materially adversely affect the ability of the Foreign Corporations to conduct the Business or otherwise have a Material Adverse Effect. True and correct copies of the Certificate of Incorporation and By-laws (or the equivalent thereof) of each Foreign Corporation have been delivered by the Seller Parties to the Buyer.

(b) No Foreign Corporation has guaranteed the Liabilities of any Affiliate of Insilco other than another Foreign Corporation.

Section 5.4 Capitalization; Ownership of Shares. (a) The authorized capital stock of Insilco Technologies Germany consists of the following: 60,000 shares of common stock, 1 Euro par value per share (the "Insilco Technologies Germany Shares"). As of the date hereof, one (1) Insilco Technologies Germany Share is issued and outstanding, which is validly issued, fully paid and nonassessable and was not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the Insilco Technologies Germany Shares or obligating any Seller Party or Insilco Technologies Germany to issue or sell any Insilco Technologies Germany Shares, or any other interest in, Insilco Technologies Germany. There are no outstanding contractual obligations of Insilco Technologies Germany to repurchase, redeem or otherwise acquire any Insilco Technologies Germany] Shares. The Insilco Technologies Germany Shares constitute all the issued and outstanding capital stock of Insilco Technologies Germany and are owned of record and beneficially by Stewart Connector Systems, Inc. free and clear of all Encumbrances, except as set forth in Schedule 5.4(a) of the Disclosure Schedule. Except as set forth on Schedule 5.4(a) of the Disclosure Schedule, after December 31, 1997 Insilco Technologies Germany has never declared, issued or otherwise made any capital repayments nor has Insilco

Technologies Germany had a hidden profit distribution asserted against it. Upon consummation of the transactions contemplated by this Agreement and registration of the Insilco Technologies Germany Shares in the name of the Buyers in the stock records of Insilco Technologies Germany, assuming Buyers shall have purchased the Insilco Technologies Germany Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of Insilco Technologies Germany free and clear of all Encumbrances.

(b) The authorized capital stock of Top East consists of the following: 10,000 shares of common stock, HK$1.00 par value per share (the "Top East Shares"). As of the date hereof, 10,000 Top East Shares are issued and outstanding, all of which are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the Top East Shares or obligating any Seller Party or Top East to issue or sell any Top East Shares, or any other interest in, Top East. There are no outstanding contractual obligations of Top East to repurchase, redeem or otherwise acquire any Top East Shares. The Top East Shares constitute all the issued and outstanding capital stock of Top East and are owned of record and beneficially by InNet Technologies, Inc. free and clear of all Encumbrances, except as set forth in Schedule 5.4(b) of the Disclosure Schedule. Upon consummation of the transactions contemplated by this Agreement and registration of the Top East Shares in the name of the Buyers in the stock records of Top East, assuming Buyers shall have purchased the Top East Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of Top East free and clear of all Encumbrances.

(c) The authorized capital stock of Stewart Connector Mexico consists of the following: 500 shares of common stock, 100 pesos par value per share (the "Stewart Connector Mexico Shares"). As of the date hereof, 500 Stewart Connector Mexico Shares are issued and outstanding, all of which are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the Stewart Connector Mexico Shares or obligating any Seller Party or Stewart Connector Mexico to issue or sell any Stewart Connector Mexico Shares, or any other interest in, Stewart Connector Mexico. There are no outstanding contractual obligations of Stewart Connector Mexico to repurchase, redeem or otherwise acquire any Stewart Connector Mexico Shares. The Stewart Connector Mexico Shares constitute all the issued and outstanding capital stock of Stewart Connector Mexico and are owned of record and beneficially by Stewart Connector Systems, Inc. in the amount of 490 of the Stewart Connector Mexico Shares and by Insilco in the amount of 10 of the Stewart Connector Mexico Shares free and clear of all Encumbrances, except as set forth in Schedule 5.4(c) of the Disclosure Schedule. Upon consummation of the transactions contemplated by this Agreement and registration of the Stewart Connector Mexico Shares in the name of the Buyers in the stock records of Stewart Connector Mexico, assuming Buyers shall have purchased the Stewart Connector Mexico Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of Stewart Connector Mexico free and clear of all Encumbrances.

(d) The authorized capital stock of ITI consists of the following: 1,000,000 shares of common stock, HK$1.00 par value per share (the "ITI Shares"). As of the date hereof, 1,000,000 ITI Shares are issued and outstanding, all of which are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the ITI Shares or obligating any Seller Party or ITI to issue or sell any ITI Shares, or any other interest in, ITI. There are no outstanding contractual obligations of ITI to repurchase, redeem or otherwise acquire any ITI Shares. The ITI Shares constitute all the issued and outstanding capital stock of ITI and are owned of record and beneficially by InNet Technologies, Inc. free and clear of all Encumbrances, except as set forth in Schedule 5.4(d) of the Disclosure Schedule. Upon consummation of the transactions contemplated by this Agreement and registration of the ITI Shares in the name of the Buyers in the stock records of ITI, assuming Buyers shall have purchased the ITI Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of ITI free and clear of all Encumbrances.

(e) The authorized capital stock of Sempco consists of the following: 50,000 Series B1 shares of common stock, 1 Mexican peso par value per share (the "Sempco Shares"). As of the date hereof, 50,000 Sempco Shares are issued any outstanding, all of which are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the Sempco Shares or obligating any Seller Party or Sempco to issue or sell any Sempco Shares, or any other interest in, Sempco. There are no outstanding contractual obligations of Sempco to repurchase, redeem or otherwise acquire any Sempco Shares. The Sempco Shares constitute all the issued and outstanding capital stock of Sempco and are owned of record and beneficially by Insilco International Holdings, Inc. in the amount of 500 of the Sempco Shares and by Signal Transformer Co., Inc. in the amount of 49,500 of the Sempco Shares free and clear of all Encumbrances, except as set forth in Schedule 5.4(e) of the Disclosure Schedule. Upon consummation of the transactions contemplated by this Agreement and registration of the Sempco Shares in the name of the Buyers in the stock records of Sempco, assuming Buyers shall have purchased the Sempco Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of Sempco free and clear of all Encumbrances.

(f) The authorized capital stock of Signal Dominicana consists of the following: 100 shares of common stock, 100 pesos par value per share (the "Signal Dominicana Shares"). As of the date hereof, 100 Signal Dominican Shares are issued and outstanding, all of which are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the Signal Dominicana Shares or obligating any Seller Party or Signal Dominicana to issue or sell any Signal Dominicana Shares, or any other interest in, Signal Dominicana. There are no outstanding contractual obligations of Signal Dominicana to repurchase, redeem or otherwise acquire any Signal Dominicana Shares. The Signal Dominicana Shares constitute all the issued and outstanding capital stock of Signal Dominicana and are owned of record and beneficially by Insilco free and clear of all Encumbrances, except as set forth in Schedule 5.4(f) of the Disclosure Schedule. Upon consummation of the transactions contemplated by this Agreement and registration of the Signal Dominicana Shares in the name of

the Buyers in the stock records of Signal Dominicana, assuming Buyers shall have purchased the Signal Dominicana Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of Signal Dominicana free and clear of all Encumbrances.

(g) The authorized capital stock of Signal Transformer Mexico consists of the following: 50,000 Series B1 shares of common stock, 1 Mexican peso par value per share (the "Signal Transformer Mexico Shares"). As of the date hereof, 50,000 Signal Transformer Mexico Shares are issued and outstanding, all of which are validly issued, fully paid and nonassessable and were not issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments relating to the Signal Transformer Mexico Shares or obligating any Seller Party or Signal Transformer Mexico to issue or sell any Signal Transformer Mexico Shares, or any other interest in, Signal Transformer Mexico. There are no outstanding contractual obligations of Signal Transformer Mexico to repurchase, redeem or otherwise acquire any Signal Transformer Mexico Shares. The Signal Transformer Mexico Shares constitute all the issued and outstanding capital stock of Signal Transformer Mexico and are owned of record and beneficially by ITI in the amount of 500 of the Signal Transformer Mexico Shares and by Signal Transformer Co., Inc. in the amount of 49,500 of the Signal Transformer Mexico Shares free and clear of all Encumbrances, except as set forth in Schedule 5.4(g) of the Disclosure Schedule. Upon consummation of the transactions contemplated by this Agreement and registration of the Signal Transformer Mexico Shares in the name of the Buyers in the stock records of Signal Transformer Mexico, assuming Buyers shall have purchased the Signal Transformer Mexico Shares for value in good faith and without notice of any adverse claim, the Buyers will own all the issued and outstanding capital stock of Signal Transformer Mexico free and clear of all Encumbrances.

Section 5.5 Consents and Approvals; No Violation. Except to the extent excused by or unenforceable as a result of the filing of the Chapter 11 Cases or the applicability of any provision of the Bankruptcy Code, and except for the entry and effectiveness of the Approval Order, the execution and delivery of this Agreement by the Sellers, the sale by the Sellers of the Shares and the sale by the Sellers of the Purchased Assets pursuant to this Agreement will not (a) conflict with or result in any breach of any provision of the Certificate or Articles of Incorporation or Bylaws (or other similar governing documents) of any Seller Party, (b) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority or third party which has not otherwise been obtained or made, except (i) where the failure to obtain such consent, approval, authorization or permit, or to make such filing or notification, would not have a Material Adverse Effect or prevent or materially delay

the consummation of the transactions contemplated by this Agreement or (ii) for those requirements which become applicable to the Sellers as a result of the specific regulatory status of the Buyers (or any of their Affiliates) or as a result of any other facts that specifically relate to the business or activities in which the Buyers (or any of their Affiliates) is or proposes to be engaged; (c) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which any Seller Party is a party or by which any Seller Party, the Shares or any of the Purchased Assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not have a Material Adverse Effect or prevent or materially delay the consummation of the transactions contemplated by this Agreement; or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to any Seller Party, or any of their assets, which violation would have a Material Adverse Effect.

Section 5.6 Financial Statements and Reports. (a) Schedule 5.6(a) of the Disclosure Schedule includes true and complete copies of: (i) the unaudited consolidated balance sheets of the Business as of December 31, 1999, 2000 and 2001, and the related unaudited consolidated statements of operations and cash flows for the years ended December 31, 1999, 2000 and 2001 (the "Unaudited Annual Financial Statements") and (ii) the unaudited consolidated balance sheet of the Business as of September 27, 2002 (the "Balance Sheet"), and the related unaudited consolidated statement of operations and cash flows of the Business for nine (9) months ended September 28, 2001 and September 27, 2002 and for the three (3) months ended March 29, 2002, June 28, 2002 and September 27, 2002 (together with the Unaudited Annual Financial Statements, the "Financial Statements").

(b) The Financial Statements present fairly in all material respects the financial condition and results of operations of the Business as of the dates and for the periods included therein. The Financial Statements are a component of the consolidated financial statements of Insilco Holding Co. and Insilco. The consolidated financial statements of Insilco Holding Co. and Insilco for the period ended September 27, 2002 have been certified to the extent required by the Sarbanes-Oxley Act of 2002.

(c) To the Sellers' Knowledge, there have not been: (i) any funds or assets of the Business used, directly or indirectly, for illegal purposes; (ii) an accumulation or use of the Business' funds without being properly accounted for in the respective books and records of the Business; (iii) any material payments by or on behalf of the Business not duly and properly recorded and accounted for in its books and records; (iv) any false or artificial entries made in the books and records of the Business for any reason; or (v) any payment made by or on behalf of the Business with the understanding that any part of such payment is to be used for any purpose other than that described in the documents supporting such payment.

Section 5.7 Title to Assets. At the Closing, the Buyers shall acquire (a) all of the Sellers' right, title and interest in, to and under (subject to such being assumed and assigned in accordance with Section 2.6) all of the Purchased Assets, in each case free and clear of all Encumbrances except for Closing Encumbrances and (b) the Shares free and clear of all Encumbrances. At the Closing, the Foreign Corporations' right, title and interest in their assets shall be free and clear of all Encumbrances except for Closing Encumbrances. The Purchased Assets and the assets owned, leased or licensed by the Foreign Corporations include all of the assets and properties necessary to conduct, in all material respects, the Business as currently conducted. The Purchased Assets, the assets owned by the Foreign Corporations, the assets leased or licensed by the Foreign Corporations and the assets subject to the Assumed Agreements are in good operating condition, fit for operation in the ordinary course of the Business, with no material defects that could reasonably be expected to interfere with their good operating condition, ordinary wear and tear excepted.

Section 5.8 Owned Real Property. (a) Schedule 5.8(a) of the Disclosure Schedule lists, as of the date of this Agreement, the street address of each parcel of Owned Real Property and the current owner of each parcel of Owned Real Property.

(b) Except as set forth on Schedule 5.8(b) of the Disclosure Schedule, no Seller Party is in material violation of any law, rule, regulation, ordinance or judgment of any Governmental Authority (including, without limitation, any building, planning or zoning law) relating to any of the Owned Real Property. The Seller Parties have made available to the Buyers true and complete copies of each deed for each parcel of Owned Real Property and all the title insurance policies, title reports, surveys, title documents and other documents relating to or otherwise affecting the Owned Real Property as it relates to the Business. The Seller Parties are in peaceful and undisturbed possession of each parcel of Owned Real Property, and there are no contractual or legal restrictions that preclude or restrict the ability to use the Owned Real Property for the purposes for which it is currently being used. Immediately prior to the Closing, the Sellers will have good and marketable title to each parcel of Owned Real Property free and clear of all Encumbrances other than Permitted Encumbrances. There are no Persons in possession of any parcel of Owned Real Property other than the Seller Parties.

(c) No improvements on the Owned Real Property and none of the current uses and conditions thereof violate any Encumbrance, applicable deed restrictions or other applicable covenants, restrictions, agreements, existing site plan approvals, zoning or subdivision regulations or urban redevelopment plans as modified by any duly issued variances, and no permits, licenses or certificates pertaining to the ownership or operation of all improvements on the Owned Real Property, other than those which are transferable with the Owned Real Property, are required by any Governmental Authority having jurisdiction over the Owned Real Property.

(d) Except as set forth on Schedule 5.8(d) of the Disclosure Schedule, the Seller Parties have not received any notice of threatened condemnation proceedings, lawsuits or administrative actions relating to any of the Owned Real Property or any other matters which do or may materially adversely affect the current use, occupancy or value thereof as it relates to the Business, and there are no pending or, to the Sellers' Knowledge, threatened condemnation proceedings, lawsuits or administrative actions relating to any of the Owned Real Property or any other matters which do or may materially adversely affect the current use, occupancy or value thereof as it relates to the Business.

(e) Except as set forth on Schedule 5.8(e) of the Disclosure Schedule, the Seller Parties have not received any notice that any of the Owned Real Property or any of the structures thereon, or the use, occupancy or operation thereof by any Seller Party, violate any material governmental requirements, deed or other title covenants or restrictions or Permits.

(f) To the Knowledge of the Sellers, the Seller Parties have obtained all material approvals of Governmental Authorities (including certificates of use and occupancy, licenses and other Permits) required to be held by them in connection with the use and occupancy of the Owned Real Property and the structures located thereon. To the Sellers' Knowledge, the structures on the Owned Real Properties are within the applicable boundary lines and there are no encroachments on the Owned Real Properties.

Section 5.9 Leased Real Property. (a) Schedule 5.9(a) of the Disclosure Schedule, lists, as of the date of this Agreement, the street address of each parcel of Leased Real Property and the identity of the lessor, lessee and current occupant (if different from lessee) of each such parcel of Leased Real Property.

(b) Schedule 5.9(b) of the Disclosure Schedule sets forth a true and complete list of all leases and subleases relating to the Leased Real Property and any and all ancillary documents pertaining thereto (including all amendments, modifications, supplements, exhibits, schedules, addenda and restatements thereto and thereof and all consents, including consents for alterations, assignments and sublets, documents recording variations, memoranda of lease, options, rights of expansion, extension, first refusal and first offer and evidence of commencement dates and expiration dates). With respect to each of such leases and subleases, except as otherwise set forth on Schedule 5.9(b) of the Disclosure Schedule, no Seller Party has exercised or given any notice of exercise, nor has any lessor or landlord exercised or received any notice of exercise of, any option, right of first offer or right of first refusal contained in any such lease or sublease, including, without limitation, any such option or right pertaining to purchase, expansion, renewal, extension or relocation (collectively, "Options").

(c) The rental set forth in each lease or sublease of the Leased Real Property is the actual rental being paid, and there are no separate agreements or understandings with respect to the same. Each Seller Party has the full right to exercise its respective Options contained in its respective leases and subleases pertaining to the Leased Real Property on the terms and conditions contained therein and upon due exercise would be entitled to enjoy the full benefit of such Options with respect thereto.

(d) No Seller Party has received any notice of threatened condemnation proceedings, lawsuits or administrative actions relating to any of the Leased Real Property or any other matters which do or may materially adversely affect the current use, occupancy or value thereof as it relates to the Business, and there are no pending or, to the Sellers' Knowledge, threatened condemnation proceedings, lawsuits or administrative actions relating to any of the Leased Real Property or any other matters which do or may materially adversely affect the current use, occupancy or value thereof as it relates to the Business.

(e) No Seller Party has received any notice that any of the Leased Real Property or any of the structures thereon, or the use, occupancy or operation thereof by the Seller Party or any of its Affiliates, violate any material governmental requirements, deed or other title covenants or restrictions or Permits.

(f) To the Seller's Knowledge, the Seller Parties have obtained all material approvals of Governmental Authorities (including certificates of use and occupancy, licenses and other Permits) required to be held by them in connection with the use and occupancy of the Leased Real Property and the structures located thereon.

Section 5.10 Environmental Matters. Except as disclosed on Schedule 5.10 of the Disclosure Schedule:

(a) to the Sellers' Knowledge, the Seller Parties hold, and are, and have been for the three years prior to the date hereof, in substantial compliance with all material permits, licenses and governmental authorizations required for the Seller Parties to conduct the Business under applicable Environmental Laws ("Environmental Permits") (all of the Environmental Permits required for the conduct of the Business are identified on Schedule 5.10 of the Disclosure Schedule), and the Seller Parties are otherwise in material compliance with the terms and conditions of the Environmental Permits and applicable Environmental Laws with respect to the Business and the Purchased Assets;

(b) no Seller Party has received any written notice that it is a potentially responsible party under CERCLA or any similar state law with respect to the Business or the Purchased Assets;

(c) no Seller Party has entered into or agreed to any consent decree or order, or other binding agreement with a Governmental Authority or is subject to any outstanding judgment, decree, or judicial or administrative order relating to compliance with or liability under any Environmental Law or to the investigation or cleanup of Hazardous Substances under any Environmental Law relating to the Business or the Purchased Assets;

(d) there are no civil, criminal or administrative actions, suits, demands, claims, hearings, or, to Sellers' Knowledge, investigations or other proceedings pending or threatened against the Business or any Seller Party or their Affiliates with respect to the Business or, to the Sellers' Knowledge, the Purchased Assets relating to any violations, or alleged violations, of any Environmental Law that could reasonably be expected to result in a material liability;

(e) with respect to the Business, no Seller Party nor any of their respective Affiliates have received any notices, demand letters or requests for information, arising out of, in connection with, or resulting from, a violation, or alleged violation, of any Environmental Law that could reasonably be expected to result in a material liability;

(f) no Seller Party nor any of their respective Affiliates have been notified by any Governmental Authority or any other Person that the Business, any Seller Party or any of their respective Affiliates have, or may have, any material liability relating to the Business pursuant to any Environmental Law;

(g) to the Knowledge of the Sellers, no Person has generated, manufactured, stored, transported, treated, recycled, disposed of or otherwise handled, in any way, any material quantities or concentrations of Hazardous Substances in violation of any applicable Environmental Law on any of the Owned Real Property or Leased Real Property;

(h) to the Sellers' Knowledge, copies of all environmental investigations, studies, audits, tests, reviews, or other analyses conducted by or which are in the possession of the

Seller Parties or any of its respective Affiliates relating to the Business, Owned Real Property or Leased Real Property (including, with respect to each of the Owned Real Property and Leased Real Property, the soil, groundwater or surface water on, under or adjacent to the Owned Real Property and Leased Real Property (the "Affected Property")) have been made available to the Buyers prior to the date hereof;

(i) to the Knowledge of the Sellers, there has not occurred and there is not occurring a release or unlawful discharge of Hazardous Substances into the environment resulting from the operation of the Business on any of the Owned Real Property or Leased Real Property that could reasonably be expected to result in a material liability; and

(j) to the Knowledge of the Sellers, (i) there are no and there have been no underground storage tanks or any open dumps, landfills, surface impoundments, lagoons, in-ground vaults, PCB-containing substances or waste storage, treatment or disposal areas on, in or under the Owned Real Property or Leased Real Property and (ii) no friable asbestos insulation or other asbestos-containing material has been installed at the Owned Real Property or Leased Real Property by any Seller Party or anyone acting on their behalf or, to Sellers' Knowledge, by any other Person, and (iii) no facts, events or conditions exist that would reasonably be expected to prevent, hinder or limit continued compliance, in all material respects, by the Business as currently conducted with any Environmental Law or Environmental Permit after the Closing Date.

The representations and warranties made in this Section 5.10 are the Seller Parties' exclusive representations and warranties relating to any environmental matters, including any arising under any Environmental Laws.

Section 5.11 ERISA; Benefit Plans. (a) Schedule 5.11(a) of the Disclosure Schedule lists each Employee Plan.

(b) Except as set forth in Schedule 5.11(b) of the Disclosure Schedule, any Employee Plan that is intended to be qualified under Section 401(a) of the Code and exempt from Tax under Section 501(a) of the Code has been determined by the Internal Revenue Service to be so qualified or an application for such determination is pending. Any such determination that has been obtained remains in effect and has not been revoked, and with respect to any application that is pending, no Seller Party has any reason to believe that such application for determination will be denied. Nothing has occurred since the date of any such determination that is reasonably likely to affect adversely such qualification or exemption, or result in the imposition of excise Taxes or income Taxes on unrelated business income under the Code or ERISA with respect to any such Employee Plan.

(c) Each Employee Plan conforms (and at all times has conformed) in all material respects to, and is being administered and operated (and at all time has been administered and operated) in material compliance with its terms and, the requirements of ERISA, the Code (where applicable), all other applicable laws and any applicable collective bargaining agreement. All returns, reports and disclosure statements required to be made under ERISA and the Code with respect to any such Employee Plan has been timely filed or delivered. Except as disclosed

in Schedule 5.11(c) of the Disclosure Schedule, none of the Employee Plans is a multiemployer plan (as such term is defined in Section 3(37) of ERISA).

(d) No Seller Party nor any ERISA Affiliate maintains an Employee Plan which would be reasonably likely to result in the payment to any employee or former employee of the Business by the Buyers of any money or other property or rights or accelerate or provide any other right or benefit to any employee or former employee of the Business which would become a Liability of the Buyers as a result of the transactions contemplated by this Agreement, whether or not such payment, right or benefit would constitute a parachute payment within the meaning of Section 280G of the Code.

(e) The Sellers have delivered to the Buyers true and complete copies of: (i) each Employee Plan and all amendments not reflected in such Employee Plan; (ii) all related trust agreements or annuity agreements (and any other funding document) for each Employee Plan; (iii) for the three (3) most recent plan years, all annual reports (Form 5500 series) and attached schedules for each Employee Plan; (iv) for the three (3) most recent plan years, all financial statements and actuarial reports with respect to each Employee Plan for which financial statements or actuarial reports are required or have been prepared; (v) the current summary plan description and subsequent summaries of material modifications for each Employee Plan; and (vi) the most recent determination letter for each Employee Plan intended to qualify under Section 401(a) of the Code.

(f) Neither any Employee Plan, any Seller Party or any ERISA Affiliate nor any trusts created under the Employee Plans or any trustee, administrator or other fiduciary thereof has engaged in a "prohibited transaction" (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) which could result in a Tax or penalty. Except as set forth in Schedule 5.11(f) of the Disclosure Schedule, there have not been any "reportable events" (as defined in Section 4043 of ERISA) with respect to any Employee Plan.

(g) Except as set forth in Schedule 5.11(g) of the Disclosure Schedule, no Seller Party or ERISA Affiliate sponsors, or during the last six (6) years has sponsored, an Employee Plan subject to Title IV of ERISA or Section 412 of the Code. No event, transaction, or condition has occurred or exists which could result in the incurrence by any of the Sellers or any ERISA Affiliate of any Liability or potential Liability pursuant to Title I or IV of ERISA, the penalty or excise Tax provisions of the Code relating to employee benefit plans, or Section 412 of the Code, or in the imposition of any Encumbrance on any of the rights, properties or assets of any Seller Party or any ERISA Affiliate.

(h) Except as set forth in Schedule 5.11(h) of the Disclosure Schedule, no Seller Party or ERISA Affiliate has a current or contingent obligation to contribute to any multiemployer plan (as defined in Section 3(37) of ERISA). No Seller Party or ERISA Affiliate has incurred (and no event, transaction or condition has occurred or exists which could result in any Seller Party or ERISA Affiliate incurring) any withdrawal liability under Section 4201 or 4202 of ERISA in respect of any multiemployer plan. At no time has any Seller Party or ERISA Affiliate incurred any Liability which could subject the Buyers to material liability under Sections 4062, 4063 or 4064 of ERISA.

(i) No Seller Party or ERISA Affiliate, nor any other organization of which any of them is a successor corporation as defined in Section 4069(b) of ERISA, have engaged in any transaction described in Section 4069(a) of ERISA with respect to any Employee Plan.

(j) With respect to any Employee Plan that is an employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) (a "Welfare Plan") and except as specified in Schedule 5.11(j) of the Disclosure Schedule, (i) each Welfare Plan for which contributions are claimed by any Seller Party as deductions under any provisions of the Code is in material compliance with all applicable requirements pertaining to such deductions, (ii) with respect to any welfare benefit fund (within the meaning of Section 419 of the Code) related to a Welfare Plan, there are no disqualified benefits (within the meaning of Section 4976(b) of the Code), (iii) any Employee Plan that is a group heath plan (within the meaning of Section 4980B(g)(2) of the Code) complies, and in each and every case has complied, with all the applicable material requirements of Section 4980B of the Code, ERISA, Title XXII of the Public Health Service Act and the Social Security Act, and (iv) all Welfare Plans may be amended or terminated at any time on or after the Closing Date without any cost, other than administrative expenses, to the Seller Parties.

(k) Except as set forth on Schedule 5.11(k) of the Disclosure Schedule, none of the Employee Plans provides, and no Seller Party or ERISA Affiliate has any obligation to provide, health, medical, life or other non-pension benefits to retired or other former employees, except as specifically required by Section 4980B of the Code or Part 6 of Title I of ERISA, or under the continuation of coverage provisions of the laws of any state or locality.

(l) To any Seller Party's Knowledge, there are no pending or threatened claims, suits or other proceedings with respect to any Employee Plan or Foreign Plan by or on behalf of the individual participants or beneficiaries of such Employee Plan or Foreign Plan, alleging any breach of fiduciary duty on the part of any Seller Party or any of their respective officers, directors or employees under ERISA or other applicable laws, or claiming benefits (other than those made in the ordinary operation of such Employee Plan or Foreign Plan) or is there any basis for such claim. To the Sellers' Knowledge, no Employee Plan or Foreign Plan is the subject to any pending or threatened investigation or audit by the Internal Revenue Service, the Department of Labor, the PBGC or any other Governmental Authority.

(m) There is no contract, agreement or benefit arrangement covering any current or former employee of any Seller Party which, with respect to the Business, individually or in the aggregate, could reasonably be expected to give rise to the payment of any amount which would constitute an "excess parachute payment" (as defined in Section 280G of the Code). Except as set forth in Schedule 5.11(m) of the Disclosure Schedule, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will likely result in any obligation or Liability (with respect to accrued benefits or otherwise) of Buyers to the PBGC, to any Employee Plan, or to any present or former employee, director, officer, stockholder, contractor or consultant of any Seller Party.

(n) None of the assets of any Seller Party or ERISA Affiliate constitutes "plan assets" of one or more employee benefit plans within the meaning of C.F.R. Section 2510.3-101.

(o) Except as set forth in Schedule 5.11(o) of the Disclosure Schedule, there are no employee benefit plans, programs, contracts or arrangements that would be Employee Plans, and listed on Schedule 5.11(a) of the Disclosure Schedule, but for the fact that such plans, programs, contracts or arrangements are subject to the Laws of a jurisdiction other than the United States and maintained for the benefit of any current or former employee, officer or director of the Business outside the United States (the "Foreign Plans").

(p) None of the Employee Plans set forth in Schedule 5.11(a) of the Disclosure Schedule cover any non-United States employee or former employee (who is not a resident of the United States) of any Seller Party.

(q) Any contributions required to be made to any Foreign Plan have been made or, if applicable, accrued in accordance with normal accounting practices and a prorated contribution for the period prior to and including the Closing Date has been made or accrued.

(r) The fair market value of the assets of any funded Foreign Plan, the Liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide the benefits determined on an ongoing basis (actual or contingent) accrued to the Closing Date payable to all current and former participants of any such Foreign Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Foreign Plan and the transactions contemplated hereby shall not cause such assets or insurance obligations to be less than such benefit obligations.

(s) Each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory or Governmental Authorities, and each such Foreign Plan is now and has always been operated in full compliance with all applicable non-United States Law.

(t) All contributions to, and payments from, the Employee Plans which may have been required to be made in accordance with the Employee Plans and, when applicable, Section 302 of ERISA or Section 412 of the Code, have been timely made. All such contributions to the Employee Plans, and all payments under the Employee Plans, except those to be made from a trust qualified under Section 401(a) of the Code, for any period ending before the Closing Date that are not yet, but will be, required to be made are properly accrued and reflected on the Balance Sheet. No asset of any Seller Party or any ERISA Affiliate is subject to any Encumbrance under Sections 401(a)(29) or 412(n) of the Code, Sections 302(f) or 4068 of ERISA or arising out of any action filed under Section 4301(b) of ERISA.

(u) Except as set forth in Schedule 5.11(u) of the Disclosure Schedule, no Seller Party nor any ERISA Affiliate has any commitment, whether formal or informal and whether legally binding or not, to create any additional Employee Plan or Foreign Plan or modify any existing Employee Plan or Foreign Plan applicable to any Person employed in the conduct of the Business.

(v) Except as set forth in Schedule 5.11(v) of the Disclosure Schedule, there has not been in respect of the Business any plant closing or mass layoff of employees (as those terms

are defined in the WARN Act or any similar state or local Law or regulation) within the one hundred twenty (120) day period prior to the date hereof, and within the ninety (90) day period prior to the Closing Date, there has been no layoff or termination of more than ten (10) employees at any location related primarily to the Business.

Section 5.12 Certain Contracts and Arrangements. Except for contracts, agreements, personal property leases, service agreements, customer agreements, commitments, understandings or instruments which (a) are listed on Schedule 5.9(b), Schedule 5.17(b) or Schedule 5.12 of the Disclosure Schedule (in each case, "Material Agreements") or (b) have been entered into in the ordinary course of business and do not involve obligations payable by the Seller Parties in excess of $50,000 individually, neither the Sellers nor the Foreign Corporations are, as of the date hereof, a party to any written contract, agreement, personal property lease, commitment, understanding or instrument relating to the Business or the Purchased Assets. As of the date of this Agreement, to the Knowledge of the Sellers, none of the other parties to any Assumed Agreement or Material Agreements of the Foreign Corporations intends to terminate or materially alter the provisions of such Assumed Agreement or Material Agreement, either as a result of the transactions contemplated hereby or otherwise. As of the date of this Agreement, no Seller Party has been given or received written notice of any default or claimed, purported or alleged default, or facts that, with notice or lapse of time, or both, would constitute a default (or give rise to a termination right) on the part of any party in the performance of any obligation to be performed under any of the Assumed Agreements or Material Agreements of the Foreign Corporations (other than monetary defaults by a Seller Party identified in the Bankruptcy Case). True and complete copies of all written Assumed Agreements and Material Agreements of the Foreign Corporations, including any amendments thereto, have been delivered to Buyers and such documents constitute the legal, valid and binding obligation of the respective Seller Party.

Section 5.13 Legal Proceedings and Judgments. Except as set forth on Schedule 5.13 of the Disclosure Schedule and except with respect to actions commenced in the Chapter 11 Cases, (a) there are no claims, actions, proceedings or investigations pending or, to the Knowledge of the Seller Parties, threatened against or involving the Business, the Purchased Assets, the Shares, the Assumed Liabilities or the Seller Parties before any court or other Governmental Authority acting in an adjudicative capacity, which would, if adversely determined, have a Material Adverse Effect; and (b) there are no claims, actions, proceedings or investigations pending against or, to the Knowledge of the Sellers, relating to the Seller Parties before any court or other Governmental Authority acting in an adjudicative capacity, which have been commenced after the filing of the Chapter 11 Cases and which would, if adversely determined, have a Material Adverse Effect. Except as set forth on Schedule 5.13 of the Disclosure Schedule, the Seller Parties are not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or other Governmental Authority which would have a Material Adverse Effect.

Section 5.14 Permits. (a) The Sellers and the Foreign Corporations have all permits, certificates, licenses, franchises and other governmental authorizations, consents and approvals, other than with respect to Environmental Laws (which are addressed in Schedule 5.10) (collectively, "Permits"), necessary for the operation of the Business as presently conducted, except where the failure to have such Permits would not have a Material Adverse Effect.

Schedule 5.14 of the Disclosure Schedule sets forth a list of all material Permits and Environmental Permits held by the Sellers and the Foreign Corporations as of the date hereof and necessary for the operation of the Business as presently conducted. Except as would not have a Material Adverse Effect: (i) the Sellers and the Foreign Corporations have fulfilled and performed their obligations under the Permits, and no event has occurred or condition or state of facts exists which constitutes or, after notice or lapse of time or both, would constitute a breach or default under any Permit or which permits or, after notice or lapse of time or both, would permit revocation or termination of any Permit, or which might adversely affect the rights of the Sellers and/or the Foreign Corporations under any such Permit; (ii) no written notice of cancellation, of default or of any dispute concerning any Permit has been received by any Seller Party; and (iii) each of the Permits is valid, subsisting and in full force and effect.

(b) With respect to the Business: (i) no notice of cancellation of any Permit has been received by, or is known to, the Sellers and (ii) each of the Permits is valid and in full force and effect, except where such failure of such Permit to be valid and in full force and effect would not have a Material Adverse Effect.

Section 5.15 Compliance with Laws. Except to the extent excused by or unenforceable as a result of the filing of the Chapter 11 Cases or the applicability of any provision or applicable law of the Bankruptcy Code, to the Knowledge of the Sellers, the Seller Parties are in compliance, in all material respects, with all Permits and Laws of any Governmental Authority applicable to the Business, except for violations which do not have a Material Adverse Effect. Without limiting the foregoing, to the Knowledge of the Sellers, the Seller Parties are not in material violation of the Foreign Corrupt Practices Act of 1977.

Section 5.16 Taxes. Each of the Seller Parties has provided to the Buyers all material income Tax Returns filed by each Foreign Corporation or filed by a Seller Party with respect to each Foreign Corporation (including IRS Forms 5471) for any Tax Period for which the applicable statute of limitation remains open as of the date hereof. Except as set forth on Schedule 5.16 of the Disclosure Schedule, (a) each of the Seller Parties has filed all material Tax Returns (including, but not limited to, those filed on a consolidated, combined or unitary basis) relating to or affecting the Business or any Purchased Asset that they were required to file (taking into account any extension of time to file granted to or obtained on behalf thereof), which Tax Returns were correct and complete in all material respects, (b) each of the Seller Parties has timely paid all material Taxes shown on such Tax Returns for any taxable period for which the applicable statute of limitations remains open as of the date hereof, (c) each of the Seller Parties has, or will have, adequate reserves on its financial statements for any unpaid material Taxes which (i) relate to the Business or the Purchased Assets with respect to the Pre-Closing Tax Period and (ii) are not required to be paid on or prior to the Closing Date, (d) no deficiency for any material amount of Tax has been asserted or assessed in writing by any Governmental Authority against the Seller Parties for which there are not adequate reserves, (e) no Seller Party has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency with respect to the Business or the Purchased Assets, (f) no Seller Party is the subject of any audit or other pending action or, to its Knowledge, has been threatened to be made a party to any action, the subject of any audit or other proceeding relating to the assessment or collection of Taxes with respect to the Business or the Purchased Assets, (g) there are no Tax Liens other than Permitted Encumbrances on any Purchased Asset or

on any of the Shares, (h) no claim has been made within the five (5) years prior to the date hereof in writing by a Governmental Authority in any jurisdiction where any Seller Party does not file Tax Returns that the Seller Party is or may be subject to taxation by that jurisdiction, (i) no Foreign Corporation is a party to any Tax allocation or Tax sharing agreement, (j) no Foreign Corporation has ever had in effect any election to be treated as a domestic corporation pursuant to Section 897(i) of the Code, (k) no Foreign Corporation has any liability for any Taxes of any Person under Treasury Regulations section 1.1502-6 or any comparable provision of state, local or foreign Law, as a transferee or successor, by contract, or otherwise, and (l) to the Sellers' Knowledge, no Foreign Corporation has had income effectively connected with the conduct of a United States trade or business within the meaning of Section 882(a)(1) of the Code in any taxable year for which unpaid material Taxes may be assessed by the Internal Revenue Service.

Section 5.17 Intellectual Property. (a) Schedule 5.17(a) of the Disclosure Schedule identifies all of the Seller Parties' (to the extent material to the operation of the Business) registered or applied for Copyrights, Patent Rights and Trademarks.

(b) Schedule 5.17(b) of the Disclosure Schedule sets forth a true, complete and correct list of all material written agreements relating to the Intellectual Property to which the Sellers and/or the Foreign Corporations are a party or otherwise bound (collectively, the "License Agreements"). To the Sellers' Knowledge, the License Agreements are valid and binding obligations of the Sellers and/or the Foreign Corporati.ons enforceable against them in accordance with their terms. To the Sellers' Knowledge, the Sellers and/or the Foreign Corporations are not currently in default under any License Agreement nor with notice or lapse of time or both would they be in default, and, to the Sellers' Knowledge, there exists no event or condition which constitutes a material violation or material breach of, or constitutes (with or without due notice or lapse of time or both) a material default by any party under, any such License Agreement. The Sellers and/or the Foreign Corporations have not sublicensed their rights to any Intellectual Property rights except pursuant to the License Agreements. No royalties, honoraria or other fees are payable by the Sellers and/or the Foreign Corporations to any third parties (other than Governmental Authorities) for the use of or right to any Intellectual Property except pursuant to the License Agreements. The Sellers and/or the Foreign Corporations have delivered to the Buyers true, complete and correct copies of each License Agreement.

(c) Except as set forth on Schedule 5.17(c) of the Disclosure Schedule, with respect to the Intellectual Property:

(i) One of the Sellers or the Foreign Corporations is the sole current owner of record for each application and registration listed on Schedule 5.17(a) of the Disclosure Schedule.

(ii) The Seller Parties have not received a notice of any pending and, to the Sellers' Knowledge there is no, threatened claim, suit, arbitration or other adversarial proceeding before any court, agency, arbitral tribunal, or registration authority in any jurisdiction involving any material Intellectual Property or alleging that the activities or the conduct of the Seller Parties infringes upon, violates or constitutes the unauthorized use of the proprietary rights of any third party or challenging the Sellers and/or the

Foreign Corporations' ownership, use, validity, enforceability or registrability of any material Intellectual Property. To the Sellers' Knowledge, there are no material settlements, forbearances to sue, consents, judgments, or orders or similar obligations other than the License Agreements which (A) restrict the Sellers and/or the Foreign Corporations' rights to use the Intellectual Property, (B) restrict the Business in order to accommodate a third party's intellectual property rights or (C) permit third parties to use Intellectual Property.

(iii) To the Sellers' Knowledge, the conduct of the Business as currently conducted does not infringe upon (either directly or indirectly such as through contributory infringement or inducement to infringe), in any material respect, any intellectual property rights owned or controlled by any third party. To the Sellers' Knowledge, no third party is misappropriating, infringing, diluting or violating any intellectual property rights of the Sellers and/or the Foreign Corporations in and to any material Intellectual Property and no such claims, suits, arbitrations or other adversarial proceedings are currently being brought against any third party by the Seller Parties.

(iv) To the Sellers' Knowledge, no trade secret material to the Business has been disclosed or authorized to be disclosed to any third party other than pursuant to a written non-disclosure agreement. To the Sellers' Knowledge, no party to any non-disclosure agreement relating to the Sellers and/or the Foreign Corporations' trade secrets is in material breach or default (with or without due notice or lapse of time or both) thereof.

Except as otherwise contemplated by this Agreement, the consummation of the transactions contemplated hereby will not (i) result in any third party having a right of first refusal to purchase or license any Intellectual Property or (ii) require the consent of any Governmental Authority or third party in respect of any Intellectual Property.

Section 5.18 Labor and Employment Matters. (a) Except as disclosed on Schedule 5.18(a) of the Disclosure Schedule, no Seller Party is a party to any collective bargaining agreement or other labor union contract applicable to employees of the Business, nor are there any organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit which could materially affect the Business. As of the date hereof, there are no controversies, strikes, slowdowns or work stoppages pending or, to the Knowledge of the Sellers, threatened, and none of the Seller Parties has experienced any such controversy, strike, slowdown or work stoppage within the past three (3) years, which may materially interfere with the Business. There are no unfair labor practice complaints pending against any of the Sellers or the Foreign Corporations before the National Labor Relations Board or any other Governmental Authority. To the Knowledge of the Sellers, no Seller Party has received, during the last three (3) years, any threats, relating to the Business, concerning the bringing of an action before the National Labor Relations Board or any other Governmental Authority concerning any alleged unfair labor practice. To the Knowledge of the Sellers, none of the Seller Parties or their respective representatives or employees has committed any unfair labor practice in connection with the operation of the Business which could have a Material Adverse Effect.

(b) Schedule 5.18(b) of the Disclosure Schedule contains a true, correct and complete list of (i) the employees currently employed by the Seller Parties in the conduct of the Business, and (ii) all personnel policies, manuals, employee handbooks, summary plan descriptions and similar materials pertaining to the Business. The Seller Parties have delivered to the Buyers all documents referred to in clauses (i) and (ii).

(c) The Seller Parties have been and are in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including any such laws respecting employment discrimination, workers' compensation, family and medical leave, the Immigration Reform and Control Act, the Americans with Disabilities Act, employment standards and labor relations. To the Knowledge of the Sellers, none of the Seller Parties or their respective representatives or employees has committed any violation of such Laws in connection with the operation of the Business that could have a Material Adverse Effect.

(d) The Sellers are in compliance with the requirements of the WARN Act and have no Liabilities pursuant to the WARN Act.

Section 5.19 Absence of Certain Developments. Since September 27, 2002 through the date of this Agreement, the Business has been conducted in the ordinary and usual course of business consistent with past practices and no Seller Party has: (a) sold, leased, transferred or otherwise disposed of any of the material assets related to the Business (other than dispositions in the ordinary course of business consistent with past practices); (b) to the Knowledge of the Sellers, terminated or amended in any material respect any Material Agreement to which such Seller Party is a party or to which it is bound or to which its properties are subject; (c) suffered any material loss, damage or destruction of any tangible assets with a value in excess of $100,000 individually or $500,000 in the aggregate, unless any such loss, damage or destruction is covered by insurance, the proceeds of which are payable to the Buyers in accordance with this Agreement or otherwise made payable to the Buyers; (d) made any change in the accounting methods or practices it follows, whether for general financial or Tax purposes, other than as required by U.S. GAAP; (e) to the Knowledge of the Sellers, incurred any material Liabilities other than in the ordinary course of business; (f) suffered any material labor dispute, strike or other work stoppage; or (g) agreed or offered to do any of the above.

Section 5.20 Brokers. Except for Gleacher Partners LLC, no person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by the Seller Parties or any of their Affiliates in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Seller Parties. Such fees shall be paid in full by the Sellers at Closing.

Section 5.21 Accounts Receivable. All Accounts Receivable of the Seller Parties were incurred in the normal course of business and represent arm's length sales actually made in the ordinary course of business.

Section 5.22 Inventory. The Inventory is in merchantable condition and is of a quality useable and saleable in the ordinary course of business. All raw materials used in the Business have been replenished in the ordinary course of business. The raw materials now on hand in the

Business were acquired in the ordinary course of business at a cost not exceeding market prices generally prevailing at the time of purchase.

Section 5.23 Insurance. Schedule 5.23 of the Disclosure Schedule sets forth a true and correct list of all insurance policies or binders maintained by the Seller Parties on the date hereof or at any time within the previous ten (10) years relating to the Business or the Purchased Assets showing, as to each policy or binder, the carrier, policy number, coverage limits, expiration dates, deductibles or retention levels and a general description of the type of coverage provided. Such policies and binders are in full force and effect and the Seller Parties are otherwise in compliance in all material respects with the terms and provisions of such policies. Other than as disclosed on Schedule 5.23 of the Disclosure Schedule, the Seller Parties have not received any notice of cancellation or non-renewal of any such policy or arrangement nor, to the Sellers' Knowledge, is the termination of any such policies or arrangements threatened. There is no claim pending under any of such policies or arrangements as to which coverage has been questioned, denied or disputed by the underwriters of such policies or arrangements excluding medical claims not in a material amount as measured against the applicable policy limits. None of such policies or arrangements provides for any material retrospective premium adjustment, experienced-based liability or loss sharing arrangement. Schedule 5.23 of the Disclosure Schedule includes a list of all pending insurance claims of the Seller Parties pertaining to the Business involving amounts in excess of $25,000. Schedule 5.23 of the Disclosure Schedule also includes a list of all insurance claims of any Seller Party relating to environmental matters pertaining to the Business in excess of $25,000 that have been made by any Seller Party during the ten (10) year period prior to the date hereof.

Section 5.24 Customers and Suppliers. The Seller Parties have previously provided the Buyers with a list of the Business' material customer accounts, including the complete name, address and telephone number of each (the "Accounts"). The Seller Parties (a) have not made any representations, warranties, promises, undertakings or agreements to change or modify the financial, business or operating terms with respect to any of the Accounts, except in the ordinary course of business; and (b) have not received notice of any violation of the terms of any arrangement with any Account.

Section 5.25 Operating Names. Schedule 5.25 of the Disclosure Schedule contains a complete and accurate list of all of the names under which the Business has operated during the last three (3) years (the "Operating Names").

Section 5.26 Overlapping Assets. Schedule 5.26 of the Disclosure Schedule sets forth a list (a) of the Purchased Assets ("Buyers' Overlapping Assets") that are used in the operation of the Sellers' businesses other than the Business (the "Sellers' Retained Business") and the nature of the usage by the Seller's Retained Business of Buyers' Overlapping Assets and (b) of the assets not included in the Purchased Assets ("Sellers' Overlapping Assets") which are used in the operation of the Business and the nature of the usage by the Business of Sellers' Overlapping Assets.

Section 5.27 Exhibits & Schedules. All the facts recited in the Disclosure Schedule annexed hereto shall be deemed to be representations of fact as though recited in this Article V.

Section 5.28 Disclaimer of Other Representations and Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE V, THE SELLER PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF THE SHARES OR ANY OF THEIR ASSETS (INCLUDING THE PURCHASED ASSETS), LIABILITIES OR OPERATIONS, INCLUDING, WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE SELLER PARTIES MAKE NO REPRESENTATION OR WARRANTY REGARDING ANY ASSETS OTHER THAN THE SHARES AND THE PURCHASED ASSETS, AND NONE SHALL BE IMPLIED AT LAW OR IN EQUITY.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE BUYER

As an inducement to the Sellers to enter this Agreement and to consummate the transactions contemplated hereby, the Buyers, jointly and severally, represent and warrant to the Sellers as follows:

Section 6.1 Organization. Each of the Buyers is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as is now being conducted.

Section 6.2 Authority Relative to this Agreement. Each of the Buyers has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the board of directors of each of the Buyers and no other corporate proceedings on the part of any of the Buyers are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Buyers, and assuming that this Agreement constitutes a valid and binding agreement of the Sellers, constitutes a valid and binding agreement of each of the Buyers, enforceable against each of the Buyers in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 6.3 Consents and Approvals; No Violation. Subject to the entry and effectiveness of the Approval Order, neither the execution and delivery of this Agreement by the Buyers nor the purchase by the Buyers of the Shares and the Purchased Assets and the assumption by the Buyers of the Assumed Liabilities and Assumed Agreements pursuant to this Agreement will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws (or other similar governing documents) of any of the Buyers; (b) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority which has not been otherwise obtained or made; or (c) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the

terms, conditions or provisions of any material note, bond, mortgage, indenture, agreement, lease or other instrument or obligation to which any of the Buyers is a party or by which any of the Buyers' assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained.

Section 6.4 Legal Proceedings and Judgments. There are no material claims, actions, proceedings or investigations pending or, to the Buyers' Knowledge, threatened against or relating to any of the Buyers before any court or other Governmental Authority acting in an adjudicative capacity that could reasonably be expected to have a material adverse effect on the Buyers' ability to consummate the transactions contemplated hereby.

Section 6.5 Buyers' Financing. As of the date of this Agreement and on the Closing Date, the Buyers have and will have funds sufficient to pay the Purchase Price and all of their fees and expenses incurred in connection with the transactions contemplated hereby, including the Cure Amount Payment in respect of Assumed Agreements and any applicable transfer Taxes.

Section 6.6 Investment Purpose. The Buyers are acquiring the Shares solely for the purpose of investment and not with a view to, or for offer or sale in connection with, any distribution thereof.

ARTICLE VII
COVENANTS OF THE PARTIES

Section 7.1 Conduct of Business. (a) Except as described on Schedule 7.1(a) of the Disclosure Schedule and except as required by the Bankruptcy Court, the Bankruptcy Code, and any order or agreement relating to the use of cash collateral or postpetition financing, during the period commencing on the date of this Agreement and ending on the Closing Date, the Sellers shall, and shall cause the Foreign Corporations to, (i) operate the Business in the usual, regular and ordinary course, (ii) other than as permitted in writing by the Buyers, preserve in all material respects the Business, its employees and its operations, (iii) reasonably cooperate with the Buyers in communicating with the employees employed in the conduct of the Business regarding the transactions contemplated hereby, (iv) endeavor to preserve, in all material respects, the goodwill and relationships with customers, suppliers, employees and others having business dealings with the Business, in each case taking into account the Sellers' status as a debtor under Chapter 11 of the Bankruptcy Code, (v) maintain the books, records and accounts of the Sellers and Foreign Corporations in accordance with prudent business practices, (vi) file, on a timely basis, with the appropriate Governmental Authorities all Tax Returns required to be filed and pay all Taxes due prior to the Closing Date, (vii) maintain, preserve and protect all of the Purchased Assets and the assets of the Foreign Corporations in the condition in which they exist on the date hereof, except for ordinary wear and tear, and (viii) use commercially reasonable efforts to obtain from third-parties all consents necessary to assign to the Buyers all agreements assignable to the Buyers hereunder and to avoid defaults (other than any default relating to or arising from the commencement of the Chapter 11 cases) under any agreements to which any of the Foreign Corporations is a party.

(b) Prior to the Closing Date, without the prior written consent of the Buyers, except as set forth in Schedule 7.1(b) of the Disclosure Schedule, the Sellers shall not, and shall cause the Foreign Corporations not to:

(i) create, incur, assume or suffer to exist any material Encumbrance upon the Purchased Assets or the assets of the Foreign Corporations, other than (A) Permitted Encumbrances (all of which shall be removed prior to Closing except for Closing Encumbrances), (B) the liens in favor of the Prepetition Agent under the Prepetition Credit Agreement (which shall be removed prior to Closing) and (C) the liens in favor of the agent of the lenders under a postpetition cash collateral agreement,

(ii) sell, lease (as lessor), transfer or otherwise dispose of (other than sales and dispositions in the ordinary course of business) any of the Purchased Assets or the assets of any Foreign Corporation,

(iii) take any action, or omit to take any action, which would have the effect of artificially increasing Accounts Receivable or Inventory or artificially reducing or deferring the payment of Accounts Payable or the Foreign Corporation Closing Liabilities beyond levels that would exist in the absence of this Agreement,

(iv) amend their certificates of incorporation, by-laws or other organizational documents in a manner adverse to the Buyers,

(v) issue, sell, transfer, pledge, dispose of or encumber any shares of any class or series of the capital stock of any of the Foreign Corporations, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of any class or series of the capital stock of the Foreign Corporations,

(vi) modify or amend in any material respect or terminate any Material Agreement of the Foreign Corporations or any Assumed Agreements or materially default under any Material Agreement of any of the Foreign Corporations or, prior to the Petition Date, materially default under any Assumed Agreement,

(vii) other than as contemplated by this Agreement or pursuant to the Sellers' Chapter 11 Cases, take, or agree to or commit to take any action that would materially impair the ability of the Sellers or the Buyers to consummate the Closing in accordance with the terms hereof or materially delay such consummation,

(viii) except with respect to bonus or retention plans disclosed in Schedule 5.11(a) of the Disclosure Schedule and retention and severance arrangements made in connection with the Sellers' Chapter 11 Cases, grant or agree to grant any bonus to any employee employed in the conduct of the Business, or increase the rates of salaries or compensation of such employees (other than increases made in the ordinary course of business consistent with prior practices, in any event not in excess of 5%) or increase or provide any new pension, retirement or other employment benefits to any of the employees employed in the conduct of the business,

(ix) make any election with respect to the Foreign Corporations relating to Taxes, or make any other Tax election that is inconsistent with past practices, change any currently or previously effective election relating to Taxes, or adopt or change any accounting method relating to Taxes or cause a Foreign Corporation to enter into any closing agreement relating to Taxes, settle or consent to any claim or assessment relating to Taxes, waive the statute of limitations for any such claim or assessment, or file any amended Tax Return or claim for refund of Taxes,

(x) redeem or purchase any shares of their capital stock,

(xi) incur, assume, guarantee, endorse or otherwise become liable for long-term third party indebtedness for borrowed money, or incur, assume, guarantee, endorse or otherwise become liable for short-term third party indebtedness for borrowed money exceeding $200,000 in the aggregate from the date hereof until the Closing,

(xii) permit any insurance policy naming any Seller Party as a beneficiary or as a loss payable payee to be canceled or terminated without notice to the Buyers, except policies which are replaced without diminution in or gaps in coverage,

(xiii) except any actions taken pursuant to the Bid Procedures Order or the Chapter 11 Cases, take, or agree to or commit to take, any action that would or is reasonably likely to result in (A) any of the conditions to the Closing set forth in Article VIII not being satisfied, (B) any of the representations and warranties of the Sellers set forth in this Agreement which are not qualified by "Material Adverse Effect", "materiality" or other similar qualifications not being so true, complete and correct in all material respects and (C) any of the representations and warranties of the Sellers set forth in this Agreement which are qualified by "Material Adverse Effect", "materiality" or other similar qualifications not being so true, complete and correct,

(xiv) make any distributions of any assets other than cash and cash equivalents (it being expressly agreed that the Seller Parties may make any distributions of any and all cash and cash equivalents without the consent of the Buyers),

(xv) with respect to the Foreign Corporations, incur any material Liabilities other than in the ordinary course of business,

(xvi) make any change in the accounting methods or practices it follows other than changes required by U.S. GAAP, or

(xvii) agree to do any of the foregoing.

Section 7.2 Access to Information; Maintenance of Records. (a) Between the date of this Agreement and the Closing Date, the Seller Parties shall, during ordinary business hours, upon reasonable notice (i) give the Buyers and the Buyers' Representatives reasonable access to all supervisory employees and to all books, records, plants, offices and other facilities and properties relating to the Business to which the Buyers are not denied access by law, (ii) permit the Buyers to make such reasonable inspections thereof as the Buyers may reasonably request, including permitting a representative of the Buyers to maintain a physical presence at each of the

Business Real Properties at all times prior to the Closing, provided that such representative of the Buyers shall not be present at any time during which due diligence is being conducted by third parties in connection with the bankruptcy proceedings or any other time (which shall be of a limited nature) at which the Sellers' management reasonably believes that such presence would result in a material impact on the Business, (iii) furnish the Buyers with such financial and operating data and other information with respect to the Business as the Buyers may from time to time reasonably request and (iv) furnish the Buyers with a copy of any pleading, report, schedule or other document filed by Insilco with the SEC or the Bankruptcy Court or received by Insilco with respect to the Business; provided, however, that with respect to each of the provisions of this Section 7.2, (A) any such physical presence which shall exist and any such access shall be conducted in such a manner so as not to interfere with the operation or conduct of the Business, (B) the Sellers shall not be required to take any action which would constitute a waiver of the attorney-client privilege and (C) the Sellers need not supply the Buyers or the Buyers' Representatives with any information which the Sellers are under a legal obligation not to supply or any information, documents or materials related to customer specific costing and pricing information; provided, however, that at the request of the Buyers, the Sellers shall provide customer specific costing and pricing information to the Buyers' independent accountants if such independent accountants shall have agreed with Insilco in writing not to provide such information to the Buyers except solely on an aggregate basis. Notwithstanding anything in this Section 7.2(a) to the contrary, the Buyers shall not have access to any Employee Records or other personnel and medical records which, in Insilco's good faith judgment, are sensitive or the disclosure of which could subject Insilco to any meaningful risk of liability. To the extent that the Buyers wish to have access to customers and suppliers of the Business prior to the Closing, the Buyers shall coordinate such access with the Sellers and shall be accompanied by an employee of the Sellers who is reasonably acceptable to the Buyers.

(b) The Buyers and the Sellers acknowledge that they are subject to the Confidentiality Agreement. All information furnished to or obtained by the Buyers or any of the Buyers' Representatives or the Sellers or any of the Sellers' Representatives pursuant to this Agreement shall be subject to the provisions of the Confidentiality Agreement and shall be treated as Confidential Information for all purposes of the Confidentiality Agreement, subject to the terms of the Confidentiality Agreement. Furthermore, the Buyers acknowledge that the Sellers or the Sellers' Representatives may furnish Confidential Information to counsel for the Creditors' Committee and to the Prepetition Agent and their respective counsel, subject to the provisions of the Confidentiality Agreement.

(c) Between the Closing Date and the later of (x) the third anniversary of the Closing Date or (y) the date of entry of an order of the Bankruptcy Court closing the Chapter 11 Cases, or if converted to a case under Chapter 7 of the Bankruptcy Code, an order of the Bankruptcy Court closing such case, the Sellers and the Sellers' Representatives shall have reasonable access to all of the books and records relating to the Business or the Purchased Assets, including all information pertaining to the Assumed Agreements, all Employee Records or other personnel and medical records required by Law, legal process or subpoena, in the possession of the Buyers to the extent that such access may reasonably be required by the Sellers in connection with the Assumed Liabilities or the Excluded Liabilities, or other matters relating to or affected by the operation of the Business and the Purchased Assets, provided, however, that the Sellers and the Sellers' Representatives shall not have access to any Employee Records or

other personnel and medical records which, in the Buyers' good faith judgment, are sensitive or the disclosure of which could subject the Buyers or their Affiliates to any meaningful risk of liability. Such access shall be afforded by the Buyers upon receipt of reasonable advance notice and during normal business hours; provided, however, that (i) any such access shall be conducted in such a manner as not to interfere unreasonably with the operation of the business of the Buyers or their Affiliates, (ii) the Buyers shall not be required to take any action which would constitute a waiver of the attorney-client privilege, and (iii) the Buyers need not supply the Sellers with any information which the Buyers are under a legal obligation not to supply. The Sellers shall be solely responsible for any costs or expenses incurred by the Sellers pursuant to this Section 7.2(c). If the Buyers shall desire to dispose of any such books and records upon or prior to the expiration of such period, the Buyers shall, prior to such disposition, give the Sellers a reasonable opportunity at the Sellers' expense, to segregate and remove such books and records as the Sellers may select. Furthermore, the Buyers acknowledge that the Sellers shall have reasonable access to all Transferred Employees with respect to the litigation matters set forth on Schedule 2.3(d) and Schedule 5.13 of the Disclosure Schedule for so long as such matters are pending. In addition to the foregoing, the Buyers agree to maintain the Employee Records in their possession for a period of three (3) years after the Closing Date or such longer period(s) as required by Law, and to give former and current employees of the Sellers reasonable access to their own Employee Records during such period.

(d) The Sellers shall reasonably cooperate, and shall use all reasonable efforts to cause their directors, officers, employees, accountants, attorneys and other agents to reasonably cooperate, with the Audit Accountant in connection with the preparation of such financial statements of the Business as the Audit Accountant shall prepare on behalf of the Buyers, including providing the Audit Accountant with reasonable access to all of the books and records of the Business, reasonably responding to any inquiries or requests for information from the Audit Accountant, making executive officers of the Sellers reasonably available to meet with the Audit Accountant and discuss the Business' past accounting practices and providing such other assistance as the Buyers and the Audit Accountant may reasonably require in connection with the preparation of such financial statements. The Audit Accountant shall be retained by the Buyers in connection with the preparation of any such financial statements, including the performance of the activities contemplated by Section 8.2(i), and the Buyers shall be fully responsible for the fees and expenses of the Audit Accountant.

Section 7.3 Expenses. Except to the extent specifically provided herein, in the Bid Procedures Order or in the Approval Order, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses.

Section 7.4 Further Assurances. (a) Subject to the terms and conditions of this Agreement, prior to the Closing each of the parties hereto shall use their respective commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Laws to consummate and make effective the sale of the Shares and the Purchased Assets in accordance with this Agreement, including using commercially reasonable efforts to ensure timely satisfaction of the conditions precedent to each party's obligations hereunder and the preparation, filing, execution and delivery of all forms, registrations and notices required to be filed to consummate the

Closing and the taking of such actions as are necessary to obtain any requisite Permits or waivers from any Governmental Authority. Neither the Sellers, on the one hand, nor the Buyers, on the other hand, shall, without the prior written consent of the other parties, take any action which would reasonably be expected to prevent or materially impede, interfere with, or delay the transactions contemplated by this Agreement. From time to time on or after the Closing Date, the Sellers shall, at the Buyers' expense, execute and deliver such documents to the Buyers as the Buyers may reasonably request in order to more effectively vest in the Buyers the Sellers' title to the Purchased Assets, subject to Closing Encumbrances, and the Shares. From time to time after the date hereof, the Buyers shall, at the Sellers' own expense, execute and deliver such documents to the Sellers as the Sellers may reasonably request in order to more effectively consummate the sale of the Purchased Assets and the Shares and the assumption and assignment of the Assumed Liabilities and the Assumed Agreements in accordance with this Agreement.

(b) In the event that any Purchased Asset shall not have been conveyed to the Buyers at the Closing, the Sellers shall, subject to Section 7.4(c), use commercially reasonable efforts to convey such Purchased Asset to the Buyers as promptly as is practicable after the Closing.

(c) To the extent that the Sellers' rights under any Assumed Agreement may not be assigned without the consent of another Person and such consent has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and the Sellers shall use commercially reasonable efforts (without being required to make any payment to any third party or to incur any economic burden), taking into account Sellers' status as a debtor under Chapter 11 of the Bankruptcy Code, to obtain any such required consent(s) as promptly as reasonably possible. The Buyers agree to fully cooperate with Sellers in their efforts to obtain any such consent (including the submission of such financial or other information concerning the Buyers and the execution of any assumption agreements or similar documents reasonably requested by a third party) without being required to make any payment to any third party or to incur any economic burden (other than the payment of any Cure Amount Payment required under Section 2.6(b)).

Section 7.5 Public Statements. Until the consummation of the Closing, the Sellers and the Buyers shall consult with each other prior to issuing any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby, except that the parties may make disclosures with respect to this Agreement and the transactions contemplated hereby to the extent required by Law or by the rules or regulations of any securities exchange or self-regulatory organization and to the extent and under the circumstances in which the parties are expressly permitted by the Confidentiality Agreement to make disclosures of Confidential Information.

Section 7.6 Governmental Authority Consents and Approvals. (a) The Sellers and the Buyers shall each use commercially reasonable efforts to cooperate with each other in determining and making any filings, notifications and requests for approval required to be made and received prior to the Closing under applicable Laws (collectively, the "Regulatory Approvals"). In connection with any Regulatory Approvals, neither the Buyers nor the Sellers will, and the Buyers and the Sellers will use commercially reasonable efforts not to, cause or permit any of their officers, directors, partners or other Affiliates to, take any action which could

reasonably be expected to materially and adversely affect the submission of any required filings or notifications or the grant of any such approvals.

(b) Cooperation. Each party (i) shall promptly inform each other of any communication from any Governmental Authority concerning this Agreement, the transactions contemplated hereby, and any filing, notification or request for approval made in connection herewith and (ii) shall permit the other parties hereto to review in advance any proposed written communication or information submitted to any such Governmental Authority in response thereto. In addition, each of the Sellers and each of the Buyers agrees not to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry with respect to this Agreement, the transactions contemplated hereby or any such filing, notification or request for approval unless it consults with the other parties hereto in advance and, to the extent permitted by any such Governmental Authority, gives the other parties hereto the opportunity to attend and participate thereat, in each case to the maximum extent practicable. Subject to any restrictions under applicable Laws, each of the Sellers and each of the Buyers shall furnish the other party with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective representatives on the one hand, and the Governmental Authority or members of its staff on the other hand, with respect to this Agreement, the transactions contemplated hereby (excluding documents and communications which are subject to preexisting confidentiality agreements and to the attorney-client privilege or work product doctrine) or any such filing, notification or request for approval. The Sellers and the Buyers shall also furnish the other parties with such necessary information and assistance as such other parties and their Affiliates may reasonably request in connection with their preparation of necessary filings, registration, or submissions of information to the Governmental Authority in connection with this Agreement, the transactions contemplated hereby and any such filing, notification or request for approval. The Sellers and the Buyers shall prosecute all required requests for approval with all necessary diligence and otherwise use their respective reasonable best efforts to obtain the grant thereof as soon as possible.

Section 7.7 Tax Matters. (a) Each party hereto will provide each other with such assistance, cooperation and information (including access to books and records) as either of them reasonably may request of the other (and the Buyers shall cause the Foreign Corporations to provide such assistance, cooperation and information) in filing any Tax Return, amended Tax Return or claim for refund, determining any liability for Taxes or a right to a refund of Taxes or participating in or conducting any audit or other proceeding in respect of Taxes relating to the Foreign Corporations, (including, but not limited to, any claim by the Foreign Corporations pertaining to the use or availability of net operating losses), the Purchased Assets and the Business. The Sellers acknowledge and agree that any Tax refunds payable to or paid to any Foreign Corporation after the date hereof shall, after the Closing, notwithstanding anything contained herein to the contrary, remain an asset of such Foreign Corporation.

(b) Transfer Taxes. All excise, sales, use, transfer, value added, registration, stamp, recording, documentary, conveyancing, franchise, property, gains and similar Taxes, levies, charges and recording, filing and other fees (collectively, "Transfer Taxes") incurred in connection with the transactions contemplated by this Agreement shall be paid by the Buyers. The Buyers shall, at their own expense, timely pay, and file all necessary Tax returns and other

documentation (including any required notice of a bulk sale) with respect to, all such Transfer Taxes and, only to the extent required by applicable law, the Sellers shall join in the execution of any Tax returns and other documentation at the Buyers' request. The Buyers shall, at their own expense, complete and execute a resale or other exemption certificate with respect to the Purchased Assets consisting of inventory, and shall provide the Sellers with an executed copy thereof. Notwithstanding the foregoing, the Sellers shall cooperate with the Buyers for the purpose of reducing any and all Transfer Taxes provided that such cooperation shall not materially prejudice the Sellers in any way (the Buyers shall reimburse the Sellers for all reasonable out-of-pocket expenses incurred by the Sellers in fulfilling the Buyers' request(s)). Without limiting the foregoing provisions of this Section 7.7(b), the parties hereby agree that the transfer and delivery of title to any of the Purchased Assets presently located in Mexico may occur, to the extent permitted by applicable law, either in the United States or in Mexico at the sole option of the Buyers.

(c) FIRPTA Certification. In accordance with Treasury Regulation section 1.1445-2(b)(2), each of the Sellers shall deliver to the Buyers a certification of non-foreign status substantially in the form set forth in Treasury Regulation section 1.1445-2(b)(2)(iii)(B) or in such other form as may be specified by applicable Law.

(d) Allocation of Taxes. For purposes of Section 2.4(c), the Buyers shall be liable for and shall be allocated all Taxes in respect of the Purchase Assets with respect to taxable periods (or portions thereof) that end after the Closing Date. For this purpose, Taxes that are payable with respect to a taxable period that begins on or before the Closing Date and ends after the Closing Date, the portion of any such Tax that is allocable to the portion of the period beginning on the day following the Closing Date and allocated to the Buyers shall be considered to equal the amount of such taxes for such entire taxable period, multiplied by a fraction, the numerator of which is the number of days in the portion of such taxable period that begins on the day following the Closing Date and the denominator of which is the number of days in the entire taxable period. For the avoidance of doubt, all Taxes imposed on the Foreign Corporations shall be allocated to, and shall be the responsibility of, the Buyers.

(e) Allocation of Purchase Price. The Buyers and the Sellers shall (i) attempt in good faith, within sixty (60) days after the determination of the Purchase Price pursuant to Article III, to agree on the allocation of the sum of the Purchase Price and the Assumed Liabilities (and any adjustments thereof) among the Shares and the Purchased Assets as of the Closing Date (the "Allocation") in accordance with Section 1060 of the Code and the Treasury Regulations thereunder and (ii) cooperate in connection with the preparation of Internal Revenue Service Form 8594 for its timely filing. Except as otherwise required by applicable Law, the Buyers and Sellers shall report for all Tax purposes all transactions contemplated by this Agreement in a manner consistent with the Allocation, if any, and shall not take any position inconsistent therewith in any Tax Return, in any refund claim, in any litigation or otherwise.

(f) Code Section 338(g) Election. The Buyers shall have the right, but not the obligation, to make an election under Section 338(g) of the Code with respect to any Foreign Corporation, and shall promptly notify the Sellers in writing if such an election is made; provided, however, in the event the Buyers make such an election with respect to any Foreign Corporation, the Buyers shall be solely responsible for all additional costs and Taxes resulting

from making such election, and shall indemnify the Sellers and hold them harmless against any such additional costs and Taxes. For this purpose, such additional Taxes shall be determined by comparing the Tax consequences to the Sellers as a result of the Code Section 338(g) election with the Tax consequences that would have applied to the Sellers in the absence of the Code Section 338(g) election and shall take into account the present value of the amount of any net operating losses or tax credits of the Sellers that are reduced, lost or otherwise foregone as a result of the Code Section 338(g) election. In the event that the Buyers do not make an election under Section 338(g) with respect to a Foreign Corporation, for the remainder of the taxable year of such Foreign Corporation in which taxable year the Closing occurs, the Buyers shall cause such Foreign Corporation to refrain from paying a dividend or otherwise distributing property to the extent that such dividend or distribution would (i) increase the Sellers' or any of their Affiliates' liability for Taxes, (ii) result in the recognition of, or change the character of, any income or gain (including Subpart F income, as defined under the Code) that the Sellers or any of their Affiliates must report on any Tax Return, or (iii) result in a decrease of any credits against Tax (including credits for foreign Taxes paid or deemed paid) that would otherwise be available to the Sellers or any of their Affiliates.

Section 7.8 Employees. (a) Prior to the Sale Hearing, the Buyers shall make offers of employment, effective as of the Closing Date, to all employees of the Sellers listed on Schedule 7.8(a) of the Disclosure Schedule (as same may be amended by the Buyers from time to time through the date of the Sale Hearing), and shall provide Insilco with the general terms of such offers. Each such employee who accepts the Buyer's offer of employment shall be referred to herein as a "Transferred Employee". Each employee of the Foreign Corporations shall be referred to herein as a "Foreign Corporation Employee". Each employee and former employee of the Business other than the Transferred Employees and the Foreign Corporation Employees shall be referred to herein as a "Retained Employee". No provision contained in this Section 7.8 shall be construed as an agreement for, or guarantee of, continued employment. The Buyers shall not, and shall be under no obligation to, assume, continue or adopt any Liabilities with respect to any Employee Plan.

(b) The Buyers shall extend to all Transferred Employees eligibility to participate in employee benefit and compensation plans, including without limitation welfare benefit plans, that are comparable to the employee benefit and compensation plans that Bel Fuse Ltd. offers to its general employee population.

(c) Provided that a Transferred Employee or a Foreign Corporation Employee remains continuously employed by the Buyers on the day following six (6) months after the Closing Date, for purposes of all employee compensation plans, programs and arrangements in which the Transferred Employees and the Foreign Corporation Employees may be eligible to participate after the Closing Date, the Buyers shall cause each such plan, program or arrangement to treat the prior service of each Transferred Employee and Foreign Corporation Employee with Insilco, any Affiliate thereof, or any predecessor thereof, as service rendered to the Buyers for purposes of benefits entitlements and benefit accrual for non-retirement-type benefits and eligibility and vesting except to the extent that such treatment would result in duplicative benefits. From and after the Closing Date, the Buyers shall, with respect to any welfare benefit plan in which any Transferred Employee or Foreign Corporation Employee may be eligible to participate after the Closing Date, (i) cause any limitations as to pre-existing

conditions and any exclusions and waiting periods to be waived with respect to the Transferred Employees and the Foreign Corporation Employees and their eligible dependents and (ii) give each Transferred Employee and Foreign Corporation Employee credit for the plan year in which the Closing occurs towards applicable deductibles and annual out-of-pocket limits for expenses incurred prior to the Closing Date.

(d) The Buyers shall be responsible for providing continuation healthcare coverage in accordance with COBRA to the Retained Employees and their qualified beneficiaries who incur or incurred a qualifying event prior to, on or after the Closing Date. The Buyers shall be responsible for providing continuation healthcare coverage in accordance with COBRA to all Transferred Employees and their qualified beneficiaries who incur a qualifying event after the Closing Date.

(e) The Buyers shall not be responsible for any Liability or obligation under the WARN Act in respect of any employee or former employee of the Business arising before or on the Closing Date, and in respect of any Retained Employee, arising from employee termination after the Closing Date. The Buyers shall be responsible for any Liability or obligation under the WARN Act in respect of any Transferred Employee arising from employee termination after the Closing Date. Immediately after execution of this Agreement, the Sellers shall provide WARN notices in substantially the forms attached hereto as Exhibits I-1 to I-4 (collectively, the "WARN Notices"), with (i) unrepresented employees receiving Exhibit I-1, (ii) labor organization(s) and collective bargaining representatives receiving Exhibit I-2, (iii) state dislocated workers unit receiving Exhibit I-3 and (iv) chief elected official of the unit of local government receiving Exhibit I-4. When the Sellers provide the WARN Notices to the employees of (i) Stewart Connector Systems, Inc. and Signal Transformer Co., Inc., they shall do so by attaching the appropriate WARN Notice to the WARN Notice cover letter attached hereto as Exhibit I-5 and (ii) InNet Technologies, Inc., they shall do so by attaching the appropriate WARN Notice cover letter attached hereto as Exhibit I-6.

(f) Unless otherwise specifically identified and defined as an Assumed Liability herein, the Buyers shall not, with respect to all employees (other than the Foreign Corporation Employees and Transferred Employees for periods commencing after the Closing Date) have any responsibility for any matters relating to the maintenance of personnel and payroll records, the withholding and payment of federal, state and local income and payroll Taxes, the payment of workers' compensation and unemployment compensation insurance, salaries, wages, pension, welfare and other fringe benefits. The Buyers do not assume any responsibility for severance pay that may be due to Retained Employees, except as provided in this Section 7.8(f).

(g) Except as required by Law, the Buyers shall not assume any Liability for compliance with all applicable labor and employment Laws relating to the Transferred Employees and the Retained Employees in connection with their employment by the Sellers during periods prior to the Closing Date and any such Liability shall be a claim against only the Sellers' estate.

(h) Except for the Foreign Corporation Employees or unless otherwise specifically identified and defined as an Assumed Liability herein, or otherwise set forth in this Section 7.8 or as required by Law, the Buyers shall not have any responsibility for any Liabilities

under the Sellers' employee benefits plans, programs, agreements and arrangements, including (i) any Liabilities relating to any noncompliance with applicable Laws, including ERISA, the Internal Revenue Code and COBRA, and (ii) any Liabilities which arise as a result of the Sellers' joint and several liability through their relationship with any Affiliate.

(i) Except as provided for in this Section 7.8(j) or as required by Law, if any of the Sellers has entered into employment, termination or retention agreements with any employee of the Business pursuant to which retention bonuses, or severance, or termination payments may be paid in connection with the transactions contemplated hereby (the "Employee Agreements"), the Sellers agree that the Buyers shall have no liability or responsibility for any payments or costs related to the Employment Agreements and that any Liability or responsibility in respect thereof shall be a claim against only the Sellers' estate. With respect to all employees, except as required by Law, the Buyers are not assuming and will not have any responsibility for the continuation of any Employee Plan and the Buyers will not be deemed a successor employer to any of the Sellers with respect to any Employee Plan. Except as required by Law, no employee benefit plan adopted or maintained by the Buyers will be deemed a successor plan of any of the Sellers.

(j) Notwithstanding anything to the contrary in this Section 7.8, the Sellers will, on the Closing Date, pay to each Retained Employee that is covered by a severance plan (other than Retained Employees that are (i) employees represented by a labor organization or (ii) employees covered by the key employees severance plan) the severance payment due to such Retained Employee pursuant to such severance plan (the actual aggregate amount of such payments made by the Sellers, plus any related payroll taxes, hereinafter is referred to as the "Retained Employee Payment Amount"); provided, however, that it will be a condition precedent to any Retained Employee receiving any severance payment pursuant to this Section 7.8(j) and the related severance plan that such Retained Employee (i) be an employee of the Business on the Closing Date or (ii) had been terminated as an employee of the Business by the Sellers prior to the Closing Date without Cause. For purposes of this Section 7.8(j), "Cause" means inappropriate or unsatisfactory conduct, unsatisfactory performance, commission of an act involving fraud or moral turpitude, or commission of an act that is considered a felony in the jurisdiction in which it occurs. Any amounts paid pursuant to this Section 7.8(j) will not be included in the calculation of benefits under any Employee Plan. At the Closing, the Buyers shall reimburse the Sellers, in cash, an amount equal to the Retained Employee Payment Amount. Nothing in this Section 7.8(j) shall change, modify or alter the employment of any employee of the Business, who is currently an employee at will, as an employee at will whose employment may be terminated by the Sellers, with or without Cause, at any time.

Section 7.9 Litigation Support. In the event and for so long from and after the Closing Date as any party hereto is actively contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection (other than litigation among the parties hereto and/or their respective Affiliates arising out of this Agreement, the Ancillary Agreements or the transactions contemplated thereby) with (a) any transaction contemplated under this Agreement or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Business, the parties hereto will cooperate with the contesting or defending party and its counsel in the contest or defense, make available their

personnel, and provide such testimony and access to their books and records as shall be reasonably necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending party. In the event that the Approval Order is the subject of an appeal, the Buyers and the Sellers agree to use commercially reasonable efforts to seek an expedited review and decision of such appeal and to seek the dissolution of any stay which might be entered in connection with such an appeal; provided that each party shall bear the cost of complying with this sentence as it relates to any appeal and the dissolution of any stay in connection therewith.

Section 7.10 Notification. Sellers shall notify the Buyers and keep the Buyers advised of the occurrence, to the Knowledge of the Sellers, of (a) any litigation or administrative proceeding pending or threatened against any of the Sellers which could, if adversely determined, have a Material Adverse Effect, (b) any act or omission which would cause any of the Sellers' representations herein to be inaccurate in any material respect (or, with respect to representations qualified as to materiality, in any respect), including by way of updating any Disclosure Schedules and (c) any material damage or destruction of any of the Purchased Assets or the assets of the Foreign Corporations. The Buyers shall notify and keep Insilco advised of the occurrence of any event or occurrence which could reasonably be expected to materially adversely affect the Buyers' ability to consummate the transactions contemplated hereby. No such notice shall be deemed to cure any breach of any representation or warranty made in this Agreement or have any effect for the purpose of determining satisfaction of the conditions set forth in Article VIII hereof or the compliance by the Sellers with any covenant set forth herein.

Section 7.11 Submission for Bankruptcy Court Approval. On the Petition Date or as soon as practicable thereafter, the Sellers shall file (a) a motion or motions and supporting papers (including, a form of order substantially in the form and substance of the Bid Procedures Order) seeking the entry of an order by the Bankruptcy Court approving the Overbid Procedures and (b) a motion for approval of this Agreement and supporting papers (including the Approval Order) seeking entry of the Approval Order, all in a form and substance reasonably acceptable to the Buyers. The Bid Procedures Order and the Approval Order may, at the Sellers' option, be sought under one combined set of motion papers, which shall be in form and substance reasonably acceptable to the Buyers. All parties hereto shall use their commercially reasonable efforts to have the Bankruptcy Court enter the Bid Procedures Order as soon as practicable following the filing of the motion therefor. The Sellers shall give appropriate notice under the Bankruptcy Code of the request for such relief, including such additional notice as the Bankruptcy Court shall direct, and provide appropriate opportunity for hearing, to all parties entitled thereto, of all motions, orders, hearings, or other proceedings relating to this Agreement or the transactions contemplated hereby.

Section 7.12 Overbid Procedures. The Buyers and the Sellers acknowledge that the Sellers must take reasonable steps to demonstrate that they have sought to obtain the highest and best price for the Purchased Assets and the Shares and the consummation of the transactions contemplated by this Agreement, including giving notice thereof to the Sellers' creditors and other interested parties, providing information about the Business to prospective bidders (subject to appropriate confidentiality agreements), entertaining higher and better offers from such prospective bidders, and, if necessary, conducting an auction. To facilitate the foregoing, the Sellers shall seek entry of the Bid Procedures Order, which, among other things, shall provide for

the bidding provisions and procedures as set forth in Exhibit A to the Bid Procedures Order (the "Overbid Procedures"). These procedures shall include the following provisions:

(a) The Sellers shall consider as higher and better offers (the "Overbids") only those offers that meet the following requirements:

(i) Overbid Deadline. A Qualified Bidder (as defined in Exhibit A to the Bid Procedures Order) that desires to make a bid shall deliver written copies of its bid to (A) Gleacher Partners LLC, 660 Madison Avenue, New York, New York 10021, Attn: William D. Forrest, (B) Insilco Technologies, Inc., 425 Metro Place North, Fifth Floor, Dublin, Ohio 43017, Attn: David A. Kauer, (C) Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, Attn: Constance A. Fratianni, and (D) Sidley Austin Brown & Wood, Bank One Plaza, 10 S. Dearborn Street, Chicago, Illinois 60603, Attn: Doug Williams, not later than such date and time as is specified in the Bid Procedures Order (the "Bid Deadline"). The Sellers may extend the Bid Deadline in their sole discretion, but shall have no obligation to do so. If the Sellers extend the Bid Deadline, they shall promptly notify the Buyers and all other Qualified Bidders of such extension; provided that any extension of the Bid Deadline shall be subject to the approval of the Prepetition Agent; provided further that Sellers may not extend the Bid Deadline to a date that is less than two (2) Business Days prior to the Auction Date.

(ii) Overbid Requirements. A bid is a letter from a Qualified Bidder (other than the Buyers, whose participation as a Qualified Bidder shall be on the terms set forth in this Agreement) stating that (A) the Qualified Bidder offers to purchase the Purchased Assets and the Shares upon the terms and conditions set forth in a copy of this Agreement attached to such letter, marked to show those amendments and modifications to this Agreement, including price, terms, and assets to be acquired, that the Qualified Bidder proposes (a "Marked Agreement") and (B) the Qualified Bidder's offer is irrevocable until the earlier of forty-eight (48) hours after the closing of the sale of the Purchased Assets and the Shares or such date as is specified in the Bid Procedures Order. A Qualified Bidder (other than the Buyers) shall accompany its bid with written evidence of a commitment for financing or other evidence of ability to consummate the transaction. The Sellers will consider a bid only if the bid:

(A) provides overall value for the Purchased Assets and the Shares to the Sellers of at least $1,500,000 over the Purchase Price in the Asset Purchase Agreement;

(B) is on terms that, in the Sellers' reasonable business judgment, are not materially more burdensome or conditional than the terms of this Agreement;

(C) is not conditioned on obtaining financing or on the outcome of unperformed due diligence by the bidder with respect to the assets sought to be acquired;

(D) does not request or entitle the bidder to any topping fee, termination fee, expense reimbursement or similar type of payments; and

(E) is received by the Bid Deadline.

A bid received from a Qualified Bidder (as defined in the Overbid Procedures) that meets the above requirements is a "Qualified Bid." A Qualified Bid will be valued based upon factors such as the net value provided by such bid (including consideration of any obligations of the Sellers in respect of any Topping Fee) and the likelihood and timing of consummating such transaction. The Buyers' offer contained in this Agreement shall constitute a Qualified Bid.

(iii) Deposit Requirement. All initial Overbids shall be accompanied by a deposit of Five Hundred Thousand Dollars ($500,000) (the "Deposit") payable by wire transfer to an escrow agent designated by the Sellers. Following the Auction or the Auction Date if no Qualified Bids are received, the Sellers shall seek the approval of the Bankruptcy Court of the highest or best offer submitted for the Purchased Assets and the Shares (the "Successful Bid" and the bidder making such bid, the "Successful Bidder") and, in the event that the sale to the Successful Bidder is not consummated (to the extent that there is another bid), the next highest and best offer (the "Backup Bid", and such bidder, the "Backup Bidder"). The Deposit submitted by the Successful Bidder, together with interest thereon, shall be applied against the payment of the cash portion of the consideration upon closing of the sale to the Successful Bidder. If the Successful Bidder fails to consummate the purchase of the Purchased Assets and the Shares due to such party's breach of its purchase agreement with the Sellers, then the Sellers shall retain the Deposit of such Successful Bidder, if any, as liquidated damages and continue with the sale of the Purchased Assets and the Shares to the Backup Bidder. Within three (3) Business Days after the closing of the sale of the Purchased Assets, any Deposit (A) not applied to the purchase of such Purchased Assets and the Shares or (B) not retained by the Sellers due to a breach by the Successful Bidder shall, together with interest, be returned to the appropriate bidders.

(b) If, prior to the Bid Deadline, the Sellers have received at least one Qualified Bid that the Sellers determine is higher or otherwise better than the bid of the Buyers set forth in this Agreement, the Sellers shall conduct an auction (the "Auction") with respect to the Purchased Assets and the Shares and provide to the Buyers and all Qualified Bidders the opportunity to submit additional bids at the Auction. The Auction shall take place no later than such date and time as is specified in the Bid Procedures Order (the "Auction Date"), at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, or such later time or other place as the Sellers shall notify the Buyers and all other Qualified Bidders who have submitted Qualified Bids and expressed

their intent to participate in the Auction, as set forth above, but in no event shall the Auction occur later than two Business Days prior to the Sale Hearing scheduled in the Bid Procedures Order. Only Qualified Bidders will be eligible to participate at the Auction. At least two (2) Business Days prior to the Auction, each Qualified Bidder who has submitted a Qualified Bid must inform the Sellers whether it intends to participate in the Auction. The Sellers may, at their option, provide or make available copies of any Qualified Bid(s) that the Sellers believe are the highest or otherwise best offer(s) to all Qualified Bidders who intend to participate in the Auction prior to the commencement thereof, but are required to provide copies of any Qualified Bid(s) to the Buyers within two (2) Business Days after receipt thereof and, in any event, no later than two (2) Business Days prior to the Auction Date.

Based upon the terms of the Qualified Bids received, the number of Qualified Bidders participating in the Auction, and such other information as the Sellers determine is relevant, the Sellers, in their sole discretion, may conduct the Auction in the manner it determines will achieve the maximum value for the Purchased Assets and the Shares. At the beginning of the Auction, a representative of the Sellers shall announce the amount of the bid that is at such time determined by the Sellers to be the highest and best bid. Thereafter, all additional bids shall be in increments of $500,000 or integral multiples thereof. The Sellers may adopt such other rules for bidding at the Auction, that, in the Sellers' business judgment, will better promote the goals of the bidding process and that are not inconsistent with any of the provisions of the Bid Procedures Order, the Bankruptcy Code or any order of the Bankruptcy Court entered in connection herewith. Prior to the start of the Auction, the Sellers will inform the Qualified Bidders participating in the Auction of the manner in which the Auction will be conducted.

As soon as practicable after the conclusion of the Auction, the Sellers, in consultation with their legal and financial advisors and the Prepetition Agent, shall (i) review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale and any obligations of the Sellers in respect of any Topping Fee, and (ii) identify the highest or otherwise best offer for the Purchased Assets and the Shares at the Auction. At the Sale Hearing, the Sellers shall present the Successful Bid or, if required pursuant to Section 7.12(a)(iii), the Backup Bid to the Bankruptcy Court, for approval.

(c) If the Buyers do not buy the Purchased Assets and the Shares at the sale of the Purchased Assets and the Shares approved at the Sale Hearing (an "Auction Sale"), the Buyers are not then in material breach of any material provision of this Agreement (other than any breach which Buyers shall have cured within ten (10) Business Days of receipt of notice thereof), the Buyers have not terminated this Agreement and an Auction Sale of the same is consummated with a party other than the Buyers, then the Buyers will be entitled to receive, as a "topping fee" out of the proceeds of the consummated Auction Sale, an amount equal to the sum of (i) $1,050,000 (the "Topping Fee") and (ii) reimbursement of all reasonable and documented out-of-pocket expenses incurred in connection with the transactions contemplated hereby (including, but not limited to, legal,

accounting and other professional fees) up to $400,000 in the aggregate (the "Expense Reimbursement").

(d) The Buyers shall be permitted to credit the amount of the Topping Fee and the Expense Reimbursement to their bid if they make a competing bid at the Auction Sale as a result of which the Buyers shall be permitted to match the dollar value of any competing bid submitted by another entity by submitting a bid in an amount at least equal to the difference between the bid to be matched minus the amount of the Topping Fee and the Expense Reimbursement.

Section 7.13 Collection of Receivables. If, after the Closing, the Sellers shall receive any payment from any account debtor with respect to any Accounts Receivable included in the Purchased Assets, the Sellers shall promptly endorse such payment to the Buyers.

Section 7.14 Overlapping Assets. The Sellers shall use commercially reasonable efforts to make Sellers' Overlapping Assets available for the use of the Buyers with respect to the Business, as currently used therein, at no charge to the Buyers, for a period of ninety (90) days following the Closing, and the Buyers shall use commercially reasonable efforts to make Buyers' Overlapping Assets available for the use of the Sellers with respect to Sellers' Retained Business, as currently used therein, at no charge to the Sellers, for a period of ninety (90) days following the Closing. Nothing in this Section 7.14 shall be construed as restricting the Sellers' or the Buyers' right to encumber or transfer Sellers' Overlapping Assets or Buyers' Overlapping Assets, as the case may be.

Section 7.15 Mail Received After the Closing. Following the Closing, the Buyers may receive and open all mail addressed to the Sellers and deal with the contents thereof in their discretion to the extent that such mail and the contents thereof relate to the Purchased Assets, the Business, the Foreign Corporations or any of the Assumed Liabilities. The Buyers shall promptly deliver or cause to be delivered to the Sellers all mail received by the Buyers after the Closing addressed to the Sellers which does not relate to the Purchased Assets, the Business, the Foreign Corporations or the Assumed Liabilities.

Section 7.16 Guarantees. Insilco irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the full and prompt performance by each Seller of its obligations, covenants and agreements under the terms of this Agreement and each Ancillary Agreement to which a Seller may be a party. Insilco waives all presentment, demands, protest and notice of protest of this guarantee.

Section 7.17 Sellers Guarantees. To the extent any of Insilco Holding Co. or any of the Sellers shall have guaranteed any Liabilities of the Foreign Corporations to a third party, each of Bel Fuse Ltd. and Bel Fuse Macau, L.D.A. shall prior to or as of the Closing: (a) provide a substantially similar guarantee of such Liability to such third party; (b) use all reasonable efforts to cause such third party to release Insilco Holding Co. and any of the Sellers from such guarantee; and (c) indemnify Insilco Holding Co. and the Sellers from any and all Losses related to such guarantee. From the date hereof until Closing, neither Insilco nor any of its Affiliates shall enter into any new guarantees of the obligations of the Foreign Corporations.

Section 7.18 Glen Rock Facility. Prior to Closing, the Sellers shall (a) use all reasonable efforts to acquire fee simple title to the Glen Rock Property by payment of all outstanding amounts due under the Glen Rock Agreement and (b) if such title is obtained, convey title to the Glen Rock Property to the Buyers at the Closing (and in such instance, the Glen Rock Property shall be deemed to be Owned Real Property for all purposes of this Agreement). If the Sellers are unable to acquire title to the Glen Rock Property, then the Sellers shall (a) assume the Glen Rock Agreement and (b) cause the assignment of the Glen Rock Agreement to the Buyers pursuant to Section 365 of the Bankruptcy Code or, if Section 365 of the Bankruptcy Code is unavailable with respect to the Glen Rock Agreement, use all reasonable efforts to assign or cause to be assigned the Glen Rock Agreement to the Buyers, including, without limitation, obtaining the consent of the York County Industrial Development Corporation and The Pennsylvania Industrial Development Authority to such assignment. Upon such assignment of the Glen Rock Agreement to the Buyers, the Glen Rock Agreement shall be deemed to be an Assumed Agreement for all purposes of this Agreement and the Sellers shall pay any and all amounts to be cured under the Glen Rock Agreement pursuant to Section 365(a) of the Bankruptcy Code; provided that in the event that the Sellers shall have assigned or caused to have been assigned the Glen Rock Agreement to the Buyers, the Purchase Price shall be reduced at Closing by an amount equal to the remaining payments due under the Glen Rock Agreement as of the Closing plus $10,000 in consideration of the cost incurred or to be incurred by the Buyers in connection with such assignment of the Glen Rock Agreement.

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.1 Conditions to Each Party's Obligations to Effect the Closing. The respective obligations of each party to effect the sale and purchase of the Shares and the Purchased Assets shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) no preliminary or permanent injunction or other order, judgment or decree by any federal or state court which prevents the consummation of the sale of a material part of the Shares and the Purchased Assets contemplated hereby shall have been issued and remain in effect (each party agreeing to use its commercially reasonable efforts to have any such injunction, order or decree lifted) and no statute, rule or regulation shall have been enacted by any Governmental Authority which prohibits the consummation of the sale of the Shares and the Purchased Assets;

(b) the Bankruptcy Court shall have entered the Approval Order substantially in the form and substance of Exhibit E and such Approval Order shall be final and non-appealable; and

(c) the Escrow Agent shall have executed the Escrow Agreement.

Section 8.2 Conditions to Obligations of the Buyers. The obligation of the Buyers to effect the purchase of the Shares and the Purchased Assets contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) (i) the Sellers shall have performed and complied in all material respects with the covenants contained in this Agreement which are required to be performed and complied with by the Sellers at or prior to the Closing; (ii) the representations and warranties of the Sellers set forth in this Agreement that are not qualified by "Material Adverse Effect", "materiality" or other similar qualifications shall each be true, complete and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation and warranty expressly speaks as of an earlier date, which representation and warranty need only be so true, complete and correct as of such earlier date); and (iii) the representations and warranties of the Sellers set forth in this Agreement that are qualified by "Material Adverse Effect", "materiality" or other similar qualifications shall each be true, complete and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation and warranty expressly speaks as of an earlier date, which need only be so true, complete and correct as of such earlier date);

(b) the Buyers shall have received a certificate from the chief executive officer of Insilco, dated as of the Closing Date, to the effect that, to the best of such chief executive officer's knowledge, the conditions set forth in Section 8.2(a) have been satisfied;

(c) the Shares and the Purchased Assets shall have been released from all Encumbrances (other than Closing Encumbrances with respect to the Purchased Assets) and there shall be no Encumbrances on the Shares and the Purchased Assets (other than Closing Encumbrances with respect to the Purchased Assets);

(d) since the date hereof, there shall have been no: (i) Material Adverse Effect or (ii) material damage, destruction or loss to any tangible assets with a value in excess of $100,000 individually or $500,000 in the aggregate, unless such damage, destruction or loss is covered by insurance the proceeds of which are used by Sellers to repair or replace such tangible Assets or which are payable to the Buyers in accordance with this Agreement or otherwise made payable to the Buyers;

(e) the Approval Order shall provide that any and all Encumbrances on the Purchased Assets (other than Closing Encumbrances) and the Shares shall, upon Closing, attach only to the proceeds of the transactions contemplated hereby and not to the Shares and the Purchased Assets;

(f) the Buyers shall have received the other items to be delivered pursuant to Section 4.2;

(g) the Sellers shall have delivered to Buyers evidence that (i) all Liabilities owed by the Foreign Corporations to Insilco and/or any of its Affiliates or Subsidiaries shall have been canceled and that the Foreign Corporations shall have no further Liability with respect thereto and (ii) all Liabilities owed to the Foreign Corporations by Insilco and/or any of its Affiliates or Subsidiaries shall have been canceled and that

Insilco and/or any of its Affiliates or Subsidiaries shall have no further Liability with respect thereto;

(h) (i) all authorizations, consents, waivers, approvals or other actions legally required in connection with the execution, delivery and performance of this Agreement and the instruments of transfer by the Sellers and the consummation by the Sellers of the transactions contemplated hereby and thereby shall have been obtained (without the imposition of any material conditions) and shall be in full force and effect; (ii) the Sellers shall have obtained any material authorizations, consents, waivers, approvals or other actions required to prevent a material breach or default by the Sellers under any of the Assumed Agreements; and (iii) all material authorizations, consents, waivers, approvals or other actions necessary to permit the Buyers to operate the Business in compliance with all applicable Laws immediately after the Closing shall have been obtained and shall be in full force and effect;

(i) there shall have been delivered to the Buyers audited balance sheets of the Business as of December 31, 2001 and October 31, 2002 and audited income statements, audited statements of cash flows and audited statements of changes in stockholders' equity of the Business for the years ended December 31, 2000 and December 31, 2001 and the ten month period ended October 31, 2002, together with the notes to such financial statements (such financial statements and notes, the "Audited Financial Statements"), which Audited Financial Statements shall have been prepared in accordance with U.S. GAAP and shall be in compliance with Regulation S-X of the Securities and Exchange Commission; the Audit Accountant (i) shall have completed its audit of the Audited Financial Statements, (ii) shall have issued to the Buyers an unqualified opinion with respect to the Audited Financial Statements and (iii) shall have consented no more than four (4) days prior to Closing to the inclusion of such opinion in a Current Report on Form 8-K to be filed by Bel Fuse Inc. with the Securities and Exchange Commission immediately after the Closing is consummated; and

(j) pursuant to Section 7.18, the Sellers shall be in possession of all necessary documentation to either (i) convey title to the Glen Rock Property to the Buyers or (ii) if the Sellers shall not be able to convey title to the Glen Rock Property to the Buyers, assign or cause to have assigned the Glen Rock Agreement to the Buyers (and pay all cure amounts in connection therewith).

Any condition specified in this Section 8.2 may be waived by the Buyers; provided that no such waiver shall be effective against the Buyers unless it is set forth in a writing executed by the Buyers.

Section 8.3 Conditions to Obligations of the Sellers. The obligation of the Sellers to effect the sale of the Shares and the Purchased Assets contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) (i) the Buyers shall have performed and complied in all material respects with the covenants contained in this Agreement which are required to be performed and complied with by the Buyers at or prior to the Closing; (ii) the representations and

warranties of the Buyers set forth in this Agreement that are not qualified by "materiality" or other similar qualifications shall each be true, complete and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation and warranty expressly speaks as of an earlier date, which representation and warranty need only be so true, complete and correct as of such earlier date); and (iii) the representations and warranties of the Buyers set forth in this Agreement that are qualified by "materiality" or other similar qualifications shall each be true, complete and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation and warranty expressly speaks as of an earlier date, which need only be so true, complete and correct as of such earlier date);

(b) the Sellers shall have received a certificate from an authorized officer of the Buyers, dated as of the Closing Date, to the effect that, to the best of such officer's knowledge, the conditions set forth in Section 8.3(a) have been satisfied; and

(c) the Sellers shall have received the other items to be delivered to it pursuant to Section 4.3.

Any condition specified in this Section 8.3 may be waived by the Sellers; provided that no such waiver shall be effective against the Sellers unless it is set forth in writing executed by Insilco.

ARTICLE IX
TERMINATION AND ABANDONMENT

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing by:

(a) mutual written consent of the Sellers and the Buyers;

(b) the Buyers if:

(i) the Board of Directors of any of the Sellers shall have withdrawn its support for the transactions contemplated hereby or modified its support for the transactions contemplated hereby in a manner adverse to the Buyers; or

(ii) the Chapter 11 Cases are converted from cases under Chapter 11 of the Bankruptcy Code to cases under Chapter 7 of the Bankruptcy Code;

(c) the Buyers, if there has been (i) a material violation or breach by any of the Sellers of any (A) representation or warranty made by it contained in this Agreement which is not qualified by "materiality" or "Material Adverse Effect" or (B) any covenant made by it contained in this Agreement or (ii) a violation or breach of any representation or warranty made by it contained in this Agreement which are qualified by "materiality" or "Material Adverse Effect" which, in the case of either clause (i) or (ii), has prevented the satisfaction of any condition to the obligations of the Buyers to effect the Closing and

such violation or breach has not been cured by the Sellers within ten (10) Business Days of receipt of written notice thereof or waived by the Buyer;

(d) the Sellers, if there has been a material violation or breach by the Buyers of any covenant, representation or warranty made by it contained in this Agreement which has prevented the satisfaction of any condition to the obligations of the Sellers to effect the Closing and such violation or breach has not been cured by the Buyers within ten (10) Business Days of receipt of written notice thereof or waived by the Sellers;

(e) the Sellers or the Buyers, if (i) there shall be any law or regulation that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or (ii) consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of (A) the Bankruptcy Court or (B) any court or Governmental Authority having competent jurisdiction;

(f) the Sellers, if the Bankruptcy Court enters an order approving a sale of the Shares and the Purchased Assets other than the sale thereof contemplated by this Agreement to the Buyers or any of their Affiliates (a "Third-Party Sale");

(g) the Buyers or the Sellers, if the Bid Procedures Order has not been entered by the Bankruptcy Court within forty-five (45) days after the Petition Date; provided that the Buyers or the Sellers, as the case may be, shall not be entitled to terminate this Agreement pursuant to this Section 9.1(g) if the failure to obtain such approval within such time period results primarily from such party itself breaching any representation, warranty or covenant contained in this Agreement;

(h) the Buyers or the Sellers, if the Approval Order has not been entered by the Bankruptcy Court within forty-five (45) days after the entry of the Bid Procedures Order on the docket of the Bankruptcy Court; provided that the Buyers or the Sellers, as the case may be, shall not be entitled to terminate this Agreement pursuant to this Section 9.1(h) if the failure to obtain such approval within such time period results primarily from such party itself breaching any representation, warranty or covenant contained in this Agreement; or

(i) the Buyers or the Sellers, if the Closing shall not have occurred on or prior to March 31, 2003 (the "Termination Date"); provided that the Buyers or the Sellers, as the case may be, shall not be entitled to terminate this Agreement pursuant to this Section 9.1(i) if the failure of the Closing to occur on or prior to such date results primarily from such party itself breaching any representation, warranty or covenant contained in this Agreement.

Section 9.2 Procedure and Effect of Termination. In the event of termination of this Agreement and abandonment of the transactions contemplated hereby by either or both of the parties pursuant to Section 9.1, written notice thereof shall forthwith be given by the terminating party to the other parties and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated as provided herein:

(a) said termination shall be the sole remedy of the parties hereto with respect to breaches of any covenant, representation or warranty contained in this Agreement and none of the parties hereto nor any of their respective trustees, directors, officers or Affiliates, as the case may be, shall have any liability or further obligation to the other parties or any of their respective trustees, directors, officers or Affiliates, as the case may be, pursuant to this Agreement, except for the parties hereto in each case as stated in this Section 9.2, Section 9.3, Section 10.15 and in Sections 7.2(b) and 7.3, and upon a willful breach by a party, in which case the non-breaching party shall have all rights and remedies existing at law or in equity; provided, however, the Seller Parties shall not be responsible for liability for any misrepresentation or breach of any warranty or covenant by any Seller Party contained in this Agreement prior to the time of such termination;

(b) all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the agency or other Person to which they were made; and

(c) all Confidential Information from the Seller Parties shall be returned to the Seller Parties or destroyed, and all Confidential Information from the Buyers shall be returned to the Buyers or destroyed (provided that the party doing such destruction shall deliver a written certification of such destruction to the other party).

Section 9.3 Liquidated Damages. (a) If the Buyers shall terminate this Agreement pursuant to (i) Section 9.1(i) and as of the Termination Date (A) the closing condition set forth in Section 8.2(j) shall not have been satisfied or waived by the Buyers and (B) the closing conditions specified in Sections 8.1(a), 8.1(b) and 8.3(a) shall have been satisfied or waived or (ii) Section 9.1(c), then the Buyers shall be entitled to the Expense Reimbursement as liquidated damages from the Sellers, subject to the proviso in Section 9.3(b).

(b) If (i) the Buyers shall terminate this Agreement pursuant to Sections 9.1(b)(i) or 9.1(c) and (ii) the Sellers shall have committed fraud in connection with the transactions contemplated by this Agreement or materially and willfully breached their obligations to sell the Purchased Assets and the Shares to the Buyers pursuant to Articles II, III and IV of this Agreement (except if the Sellers sell the Purchased Assets and the Shares to a third party pursuant to Section 7.12 or an Approval Order, in which case the provisions of Section 7.12 shall govern), then the Buyers shall be entitled to the Topping Fee and the Expense Reimbursement as liquidated damages from the Sellers; provided, however, that if the Buyers are entitled to the Topping Fee and the Expense Reimbursement as liquidated damages from the Sellers pursuant to this Section 9.3(b), then the Buyers shall not also be entitled to the Expense Reimbursement pursuant to Section 9.3(a).

(c) Any payment required to be made to the Buyers pursuant to either Section 7.12 or Section 9.3(a) or (b) shall be made by wire transfer of same day funds to an account designated by the Buyers. In the event that a payment is due to the Buyers pursuant to Section 7.12, such payment shall be made on the date on which the sale of the Business to the Successful Bidder, Backup Bidder or any other Person that acquires the Business as a result of and in connection with a bid submitted at the Auction is closed. In the event that a payment is due to

the Buyers pursuant to Section 9.3(a) or (b), such payment shall be made within two (2) Business Days of the date the Buyers terminate this Agreement.

(d) The Sellers obligation to pay the Topping Fee and the Expense Reimbursement (whether pursuant to Section 7.12 or Section 9.3(a) or (b)) shall survive the termination of this Agreement and, provided that they are approved by the Bankruptcy Court as part of the Bid Procedures Order, shall constitute an administrative expense in the Sellers' Chapter 11 Cases or any subsequent conversion of the Sellers' Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code under Sections 503(b) and 507(a)(1) of the Bankruptcy Code.

Section 9.4 Extension; Waiver. At any time prior to the Closing, the Sellers, on the one hand, or the Buyers, on the other hand, may (a) extend the time for the performance of any of the obligations or acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto, (c) waive compliance with any of the agreements of the other party contained herein or (d) waive any condition to its obligations hereunder. Any agreement on the part of the Sellers, on the one hand, or the Buyers, on the other hand, to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the Sellers or the Buyers, as applicable.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.1 Amendment and Modification. This Agreement may be amended, modified or supplemented only by written agreement of Insilco and the Buyers; provided that the consent of the Prepetition Agent shall be required in connection with any amendment of this Agreement that materially modifies this Agreement.

Section 10.2 Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, or condition shall not operate as a waiver of, or estoppel with respect to any subsequent or other failure.

Section 10.3 Survival. The parties hereto agree that the representations and warranties contained in this Agreement shall not survive the Closing hereunder, and neither party nor any of their respective officers, directors, representatives, employees, advisors or agents shall have any liability to the other after the Closing for any breach thereof. The parties hereto agree that only the covenants contained in this Agreement to be performed at or after the Closing Date shall survive the Closing hereunder, and each party hereto shall be liable to the other after the Closing Date for any breach thereof.

Section 10.4 No Impediment to Liquidation. Nothing herein shall be deemed or construed as to limit, restrict or impose any impediment to the Sellers' right to liquidate, dissolve and wind-up their affairs and to cease all business activities and operations at such time as it may determine following the Closing. Subject to Section 7.7, the Sellers shall not be obligated to

retain assets or employees or to continue operations following the Closing (or to retain outsource assistance) in order to satisfy their obligations hereunder.

Section 10.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (a) when personally sent/delivered, by facsimile transmission (with hard copy to follow) or sent by reputable express courier or (b) five (5) days following mailing by registered or certified mail postage prepaid and return receipt requested. Unless another address is specified in writing, notices, demands and communications to the Sellers and the Buyers shall be sent to the addresses indicated below:

(i) If to the Sellers, to:

Insilco Technologies, Inc.
425 Metro Place North, Fifth Floor
Dublin, Ohio 43017
Facsimile: (614) 791-3195
Attention: David A. Kauer

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Facsimile: (212) 848-7179

Attention: Constance A. Fratianni, Esq.
Kenneth A. Gerasimovich, Esq.

(ii) if to any of the Buyers, to:

Bel Fuse Inc.
206 Van Vorst Street
Jersey City, New Jersey 07306
Facsimile: 201-432-9542

Attention: Daniel Bernstein and Colin Dunn

with a copy (which shall not constitute notice)to:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: 973-597-2351

Attention: Peter H. Ehrenberg, Esq.

Section 10.6 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns and with respect to the Sellers, any entity that may succeed to substantially all the assets of the Sellers, but neither this Agreement nor any of the rights, interests or obligations

hereunder shall be assigned by any parties hereto, including by operation of law, without the prior written consent of the other party. Any assignment of this Agreement or any of the rights, interests or obligations hereunder in contravention of this Section 10.6 shall be null and void and shall not bind or be recognized by the Sellers or the Buyers.

Section 10.7 Third-Party Beneficiaries. Nothing in this Agreement shall be construed as giving any person other than the parties hereto and the Prepetition Agent any legal or equitable right, remedy or claim under or with respect to this Agreement.

Section 10.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

Section 10.9 Governing Law. This Agreement shall be governed by the laws of the State of New York excluding (to the greatest extent a New York court would permit) any rule of law that would cause the application of the laws of any jurisdiction other than the State of New York.

Section 10.10 Submission to Jurisdiction. (a) The parties hereto irrevocably submit to the exclusive jurisdiction of the Bankruptcy Court (or any court exercising appellate jurisdiction over the Bankruptcy Court) over any dispute arising out of or relating to this Agreement or any other agreement or instrument contemplated hereby or entered into in connection herewith or any of the transactions contemplated hereby or thereby. Each party hereby irrevocably agrees that all claims in respect of such dispute or proceedings may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute or proceeding brought in such court or any defense of inconvenient forum in connection therewith.

(b) Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under Section 10.5 of this Agreement.

(c) Bel Fuse Ltd. and Bel Fuse Macau, L.D.A. hereby irrevocably appoint Bel Connector Inc. and Bel Transformer Inc. as agents thereof for the service of process thereon, and service of process on Bel Connector Inc. and Bel Transformer Inc. shall be deemed to be valid service of process on Bel Fuse Ltd. and Bel Fuse Macau, L.D.A.

Section 10.11 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which, when executed and delivered, shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 10.12 Incorporation of Exhibits. The Disclosure Schedule and all Exhibits attached hereto and referred to herein are hereby incorporated herein by reference and made a part of this Agreement for all purposes as if fully set forth herein.

Section 10.13 Entire Agreement. This Agreement (including the Exhibits and the Disclosure Schedule), the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the parties with respect thereto.

Section 10.14 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.15 Remedies. Subject to Section 10.3, the Sellers and the Buyers hereby acknowledge and agree that money damages may not be an adequate remedy for any breach or threatened breach of any of the provisions of this Agreement and that, in such event, the Sellers or their successors or assigns, or the Buyers or their successors or assigns, as the case may be, may, in addition to any other rights and remedies existing in their favor, apply to the Bankruptcy Court or any other court of competent jurisdiction for specific performance, and injunctive and/or other relief in order to enforce or prevent any violations of this Agreement.

Section 10.16 Bulk Sales or Transfer Laws. The Buyers hereby waive compliance by the Seller Parties with the provisions of the bulk sales or transfer laws of all applicable jurisdictions.

Section 10.17 WAIVER OF JURY TRIAL. THE PARTIES HERETO HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE PARTIES HERETO (a) CERTIFY THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THAT FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT THEY AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.17.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

THE SELLERS:

INSILCO TECHNOLOGIES, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

STEWART CONNECTOR SYSTEMS, INC.

By: /s/ Michael R. Elia

Name: Michael R. Elia
Title: Senior Vice President and Chief Financial Officer

INNET TECHNOLOGIES, INC.

By: /s/ Michael R. Elia

Name: Michael R. Elia
Title: Senior Vice President and Chief

Financial Officer

INSILCO INTERNATIONAL HOLDINGS, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

SIGNAL CARIBE, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

EYELETS FOR INDUSTRY, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

STEWART STAMPING CORP.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

SIGNAL TRANSFORMER CO., INC.

By: /s/ Michael R. Elia

Name: Michael R. Elia
Title: Senior Vice President and Chief Financial Officer

THE BUYERS:

BEL FUSE, LTD.

By: /s/ Daniel Bernstein

Name: Daniel Bernstein
Title: Director

BEL FUSE MACAU, L.D.A.

By: /s/ Daniel Bernstein

Name: Daniel Bernstein
Title: Director

BEL CONNECTOR INC.

By: /s/ Colin Dunn

Name: Colin Dunn
Title: Vice President & Secretary

BEL TRANSFORMER INC.

By: /s/ Colin Dunn

Name: Colin Dunn
Title: Vice President & Secretary

AMENDMENT NO. 1 TO THE
STOCK AND ASSET PURCHASE AGREEMENT

Dated as of March 21, 2003

THIS AMENDMENT (this "Amendment") is entered into by and among Insilco Technologies, Inc., a Delaware corporation, Stewart Connector Systems, Inc., a Pennsylvania corporation, InNet Technologies, Inc., a California corporation, Insilco International Holdings, Inc., a Delaware corporation, Signal Caribe, Inc., a Delaware corporation, Eyelets for Industry, Inc., a Connecticut corporation, Stewart Stamping Corp., a Delaware corporation, and Signal Transformer Co., Inc., a Delaware corporation, (collectively, the "Sellers"), Bel Fuse Inc., a New Jersey corporation, Bel Fuse Ltd., a Hong Kong corporation, Bel Fuse Macau, L.D.A., a Macau corporation, Bel Connector Inc., a Delaware corporation, and Bel Transformer Inc., a Delaware corporation, (collectively, the "Buyers").

WHEREAS, the Buyers (with the exception of Bel Fuse Inc.) and the Sellers have entered into a Stock and Asset Purchase Agreement dated as of December 15, 2002 (the "Agreement"), the terms defined therein being used herein as therein defined unless otherwise defined herein;

WHEREAS, Section 5.4(a) of the Agreement provides certain information regarding the capitalization of Insilco Technologies Germany that is inaccurate, and the Sellers and the Buyers wish to amend the Agreement to correct such inaccurate information.

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

SECTION 1. Amendment to the Agreement. The Agreement is hereby amended in accordance with Section 10.1 of the Agreement as follows:

(a) The terms "Buyer" and "Buyers" are hereby amended to include Bel Fuse Inc., a New Jersey corporation.

(b) In the first WHEREAS clause of the Agreement, the word "Limited" is hereby inserted after the words "Insilco Technologies International".

(c) In Section 5.4(a) of the Agreement, the first sentence is hereby replaced in its entirety as follows:

"The authorized nominal capital of Insilco Technologies Germany consists of the following: one (1) share of nominal capital at nominal value of 60,000 Euro (the "Insilco Technologies Germany Shares")."

(d) In Section 5.4(a) of the Agreement, the fifth sentence is hereby replaced in its entirety as follows:

"The Insilco Technologies Germany Shares constitute all of the issued and outstanding capital stock of Insilco Technologies Germany and are owned of record and beneficially by Insilco free and clear of all Encumbrances, except as set forth in Schedule 5.4(a) of the Disclosure Schedule."

(e) In Section 5.4(b) of the Agreement, the fifth sentence is hereby replaced in its entirety as follows:

"The Top East Shares constitute all the issued and outstanding capital stock of Top East and are owned of record and beneficially by ITI free and clear of all Encumbrances, except as set forth in Schedule 5.4(b) of the Disclosure Schedule."

(f) In Section 5.4(g) of the Agreement, the fifth sentence is hereby replaced in its entirety as follows:

"The Signal Transformer Mexico Shares constitute all the issued and outstanding capital stock of Signal Transformer Mexico and are owned of record and beneficially by Insilco International Holdings, Inc. in the amount of 500 of the Signal Transformer Mexico Shares and by Signal Transformer Co., Inc. in the amount of 49,500 of the Signal Transformer Mexico Shares free and clear of all Encumbrances, except as set forth in Schedule 5.4(g) of the Disclosure Schedule."

SECTION 2. Effect on Agreement. By execution of this Amendment, Bel Fuse Inc. agrees to be deemed to be a party to, and shall be fully bound by, the terms and conditions of the Agreement. In addition, except as specifically amended above, the Agreement shall continue to be in full force and effect and is hereby ratified and confirmed.

SECTION 3. Execution in Counterparts. This Amendment may be executed and delivered (including by facsimile transmission) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original but all of which taken together shall constitute but one and the same instrument.

SECTION 4. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Buyers and the Sellers have caused this Amendment to be executed as of the date first written above.

THE SELLERS:

INSILCO TECHNOLOGIES, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

STEWART CONNECTOR SYSTEMS, INC.

By: /s/ Michael R. Elia

Name: Michael R. Elia
Title: Senior Vice President and Chief Financial Officer

INNET TECHNOLOGIES, INC.

By: /s/ Michael R. Elia

Name: Michael R. Elia
Title: Senior Vice President and Chief Financial Officer

INSILCO INTERNATIONAL HOLDINGS, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

SIGNAL CARIBE, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

EYELETS FOR INDUSTRY, INC.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

STEWART STAMPING CORP.

By: /s/ David A. Kauer

Name: David A. Kauer
Title: President and Chief Executive Officer

SIGNAL TRANSFORMER CO., INC.

By: /s/ Michael R. Elia

Name: Michael R. Elia
Title: Senior Vice President and Chief Financial Officer

THE BUYERS:

BEL FUSE INC.

By: /s/ Daniel Bernstein

Name: Daniel Bernstein
Title: President

BEL FUSE LTD.

By: /s/ Daniel Bernstein

Name: Daniel Bernstein
Title: Director

BEL FUSE MACAU, L.D.A.

By: /s/ Daniel Bernstein

Name: Daniel Bernstein
Title: Director

BEL CONNECTOR INC.

By: /s/ Colin Dunn

Name: Colin Dunn
Title: Vice President & Secretary

BEL TRANSFORMER INC.

By: /s/ Colin Dunn

Name: Colin Dunn
Title: Vice President & Secretary

EXHIBIT 10.71

AMENDED AND RESTATED CREDIT AND GUARANTEE AGREEMENT

DATED AS OF MARCH 21, 2003

BY AND AMONG

BEL FUSE INC.,
AS BORROWER

THE SUBSIDIARY GUARANTORS PARTY HERETO

AND

THE BANK OF NEW YORK,
AS LENDER

BRYAN CAVE LLP
245 PARK AVENUE
NEW YORK, NEW YORK 10167

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AMENDED AND RESTATED CREDIT AND GUARANTEE AGREEMENT, dated as of March 21, 2003, by and among BEL FUSE INC., a New Jersey corporation (the "Borrower"), the Subsidiary Guarantors (as defined below) and THE BANK OF NEW YORK ("BNY" or the "Lender").

RECITALS

A. Reference is made to the Credit and Guarantee Agreement, dated as of May 14, 1999, by and among Bel Fuse Inc., a New Jersey corporation, and The Bank of New York (the "Original Credit Agreement").

B. Bel Hybrids and Magnetics Inc., formerly a Subsidiary Guarantor, was dissolved on June 4, 2001.

C. The parties hereto desire to amend the Original Credit Agreement by amending and restating it in its entirety.

D. For convenience, this Agreement is dated as of March 21, 2003 (the "Restatement Date"), and references to certain matters relating to the period prior thereto have been deleted.

NOW, THEREFORE, the parties hereto agree to amend and restate the Original Credit Agreement in its entirety as follows:

Article 1. DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1. Definitions

As used in this Agreement, terms defined in the preamble have the meanings therein indicated, and the following terms have the following meanings:

"ABR Advances" means the Loans (or any portions thereof), at such time as they (or such portions) are made and/or being maintained at a rate of interest based upon the Alternate Base Rate.

"Accountants" means Deloitte & Touche LLP (or any successor thereto), or such other firm of certified public accountants of recognized national standing selected by the Borrower and reasonably satisfactory to the Lender.

"Acquisition" has the meaning set forth in Section 7.5.

"Acquisition Consideration" has the meaning set forth in Section 7.5(c).

"Affiliate" means as to any Person any other Person at the time directly or indirectly controlling, controlled by or under direct or indirect common control with such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (i) vote 5% or more of the securities having ordinary voting power for

the election of directors of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agreement" means this Credit and Guarantee Agreement.

"Alternate Base Rate" means on any date, a rate of interest per annum equal to the higher of (i) the Federal Funds Effective Rate in effect on such date plus 1/2 of 1% or (ii) the Prime Rate in effect on such date.

"Applicable Margin" means, at all times during the applicable periods set forth below: (i) with respect to ABR Advances, the percentage set forth below under the heading "ABR Margin", (ii) with respect to Eurodollar Advances, the percentage set forth below under the heading "Eurodollar Margin", and (iii) with respect to the Commitment Fee, the percentage set forth below under the heading "Commitment Fee".

WHEN THE LEVERAGE RATIO IS:

GREATER THAN OR EQUAL TO	AND LESS THAN	ABR MARGIN	EURODOLLAR MARGIN	COMMITMENT FEE
1.00:1.00		1.25%	2.50%	0.375%
0.50:1.00	1.00:1.00	0.75%	2.00%	0.300%
	0.50:1.00	0.50%	1.50%	0.250%

During the period commencing on the Restatement Date and ending on the date of delivery to the Lender of a Compliance Certificate pursuant to Section 6.1(c) for the fiscal quarter ending June 30, 2003, the Leverage Ratio shall be based on the certificate delivered by the Borrower pursuant to Section 5.1(h)(iii). Thereafter, changes in the Applicable Margin resulting from a change in the Leverage Ratio shall be based upon the Compliance Certificate most recently delivered pursuant to Section 6.1(c) and shall become effective on the date such Compliance Certificate is delivered to the Lender. Notwithstanding anything to the contrary contained in this definition, if the Borrower shall fail to deliver to the Lender a Compliance Certificate on or prior to any date required hereby, the Leverage Ratio shall be deemed to be greater than 1.00:1.00 from and including such date to the date of delivery to the Lender of such Compliance Certificate.

"Approval Order" means the Order of the Bankruptcy Court (i) Authorizing the Sale of Certain Assets Related to Debtors' Passive Components Business Free and Clear of Liens, Claims, Encumbrances and Interests, (ii) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases and (iii) Granting Related Relief entered in the Bankruptcy Proceeding.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

"Bankruptcy Proceeding" means the Chapter 11 proceeding entitled In re Insilco Technologies, Inc., et al. (Case No. 02-13672) pending on the Restatement Date in the Bankruptcy Court.

"Board of Governors" means the Board of Governors of the Federal Reserve System of the United States.

"Borrower Obligations" means, collectively, all of the obligations and liabilities of the Borrower under the Loan Documents, and all other Indebtedness of the Borrower to the Lender, in each case whether fixed, contingent, now existing or hereafter arising, created, assumed, incurred or acquired, and whether arising before or after the occurrence of any Event of Default under Sections 8.1(h) or (i) and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a claim in any proceeding arising in connection with such an event.

"Borrowing Date" means any Business Day on which the Lender makes Loans.

"Borrowing Request" means a request by the Borrower for a Loan in accordance with Section 2.2 and substantially in the form of Exhibit B.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks located in New York City are authorized or required by law or other governmental action to be closed, provided that when used in connection with a Eurodollar Advance, the term shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" means, with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, (a) which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP, or (b) which lease does not qualify as a Tax Operating Lease. For purposes of this definition, "Tax Operating Lease" means any "synthetic lease", and any other lease (i) that is treated as a lease for purposes of the Code, and (ii) the lessor under which is treated as the owner of the assets subject to the lease for purposes of the Code.

"Capital Stock" means, as to any Person, all shares, interests, partnership interests, limited liability company interests, participations, rights in or other equivalents (however designated) of such Person's equity (however designated) and any rights, warrants or options exchangeable for or convertible into such shares, interests, participations, rights or other equity.

"Cash Equivalents" means Dollar denominated investments in (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United

States is pledged in full support thereof) having maturities of not more than one year from the date of acquisition, (ii) time deposits, certificates of deposit and bankers acceptances maturing within 270 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank having a combined capital surplus and undivided profits of not less than $100,000,000 and whose (or whose parent company's) unsecured non-credit supported short-term debt or commercial paper rating at the time of such acquisition (x) from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto ("S&P") is at least A-1, or the equivalent thereof, or (y) from Moody's Investors Service, Inc. or any successor thereto ("Moody's") is at least P-1, or the equivalent thereof, (iii) commercial paper maturing within 90 days from the date of acquisition thereof and having, at such date of acquisition, a rating (x) from S&P of at least A-1, or the equivalent thereof, or (y) from Moody's of at least P-1, or the equivalent thereof, (iv) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, (v) normal business banking accounts, and (vi) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (i) through (iv) above.

"Change in Law" means (i) the adoption of any law, rule or regulation after the Restatement Date, (ii) the issuance or promulgation after the Restatement Date of any directive, guideline or request from any Governmental Authority (whether or not having the force of law), or (iii) any change after the Restatement Date in the interpretation of any existing law, rule, regulation, directive, guideline or request by any Governmental Authority charged with the administration thereof.

"Change of Control" means the occurrence of any of the following events:

(a) any person or group (other than any one or more permitted investors) shall

have become the beneficial owner of voting shares entitled to exercise more than 20% of the total voting power of all outstanding voting shares of the Borrower (including any voting shares which are not then outstanding of which such person or group is deemed the beneficial owner);

(b) a change in the composition of the Managing Person of the Borrower shall have

occurred in which the individuals who constituted the Managing Person of the Borrower at the beginning of the two year period immediately preceding such change (together with any other director whose election by the Managing Person of the Borrower or whose nomination for election by the shareholders of the Borrower was approved by a vote of at least a majority of the members of such Managing Person then in office who either were members of such Managing Person at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of such Managing Person then in office; or

(c) any similar circumstance which, under the documentation evidencing or

governing any Indebtedness of the Borrower of $5,000,000 or more, results in the Borrower being required to prepay, purchase, offer to purchase, redeem or defease such Indebtedness.

For purposes of this definition, (i) the terms "person" and "group" shall have the respective meanings ascribed thereto in Sections 13(d) and 14(d)(2) of the Exchange Act, (ii) the term "beneficial owner" has the meaning ascribed thereto in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the "beneficial owner" of a security as a result of such Person's right to acquire such security within a specified time period if such right is conditioned, in whole or in part, upon events other than the passage of time, and such events have not occurred, (iii) the term "permitted investors" shall mean Elliot Bernstein, any of his immediate family members and any of his heirs or beneficiaries, and (iv) the term "voting shares" shall mean all outstanding shares of any class or classes (however designated) of Capital Stock of the Borrower entitled to vote generally in the election of members of the Managing Person thereof.

"Class", when used in reference to any Loan or Advance, refers to whether such Loan, or the Loans comprising such Advance, are Revolving Loans or all or a portion of the Term Loan, as applicable.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"Collateral" means any and all "Collateral", as defined in any Security Document.

"Commitments" means, collectively, the Revolving Commitment and the Term Commitment.

"Commitment Fee" has the meaning set forth in Section 3.2(a).

"Compliance Certificate" has the meaning set forth in Section 6.1(c).

"Consolidated EBITDA" means, for any period, net income of the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP for such period plus (i) the sum of, without duplication, each of the following with respect to the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP, each to the extent utilized in determining net income for such period (a) interest expense, (b) provision for income taxes, (c) depreciation, amortization and other non-cash charges, and (d) extraordinary losses from sales, exchanges and other dispositions of property not in the ordinary course of business, minus (ii) the sum of, without duplication, each of the following with respect to the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP, each to the extent utilized in determining net income for such period: (a) extraordinary gains from sales, exchanges

and other dispositions of property not in the ordinary course of business, and (b) other non-recurring items (other than expenses and losses).

"Consolidated Fixed Charges" means, for any period, the sum of each of the following with respect to the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP: (i) interest expense for such period, (ii) the aggregate amount of all Capital Expenditures made during such period, (iii) without duplication, current maturities of long-term Indebtedness plus scheduled payments made during such period on account of the principal of Indebtedness of the Borrower or any of its Subsidiaries (including scheduled principal payments in respect of the Term Loan) and (iv) the aggregate amount of all cash income taxes paid during such period.

"Consolidated Tangible Net Worth" means, at any date of determination, the sum of all amounts which would be included under "stockholders' equity" or any analogous entry on a consolidated balance sheet of the Borrower and the Subsidiaries determined in accordance with GAAP as of such date minus the sum of all intangible assets of the Borrower and the Subsidiaries which would be included under "assets" or any analogous entry on such balance sheet, including unamortized debt discount and expense, unamortized deferred charges (including new business acquisition costs and other charges), goodwill, patents, trademarks, service marks, trade names, copyrights, consignment inventory rights, organization or developmental expenses, capitalized software development costs, and net deferred taxes (if positive), determined in accordance with GAAP as of such date.

"Consolidated Total Liabilities" means, at any date of determination, the sum of all amounts which would be included as a liability on a consolidated balance sheet of the Borrower and the Subsidiaries determined in accordance with GAAP on such date.

"Conversion Date" means the date on which (i) a Eurodollar Advance is converted to an ABR Advance, (ii) an ABR Advance is converted to a Eurodollar Advance or (iii) a Eurodollar Advance is converted to, or continued as, a new Eurodollar Advance.

"Customary Lien" means any of the following: (i) any Lien imposed by law for Taxes that are not yet due or are being contested in compliance with Section 6.4, provided that enforcement of such Lien is stayed pending such contest; (ii) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 6.4, provided that enforcement of each such Lien is stayed pending such contest; (iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations; (iv) deposits and pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business; (v) judgment liens in respect of judgments that would not cause an Event of Default under Section 8.1(j); (vi) zoning ordinances, easements, rights of way, minor defects,

irregularities, and other similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary; and (vii) Liens created under the Loan Documents.

"Default" means any event or condition which constitutes an Event of Default or which, with the giving of notice, the lapse of time, or the occurrence of any other condition, would, unless cured or waived, become an Event of Default.

"Disqualified Stock" means any Capital Stock of any Person that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, provided, however, that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of certain events shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Borrower may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 7.7 of this Agreement.

"Dollars" and "$" mean lawful currency of the United States.

"Domestic Subsidiary" means any Subsidiary that is not a Foreign Subsidiary.

"Environmental Laws" has the meaning set forth in Section 4.7.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations issued thereunder, as from time to time in effect.

"ERISA Affiliate" means any Person which is a member of any group of organizations within the meaning of Sections 414(b) or (c) of the Code (or, solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the Code and the lien created under Section 302(f) of ERISA and Section 412(n) of the Code, within the meanings of Sections 414(m) or (o) of the Code) of which the Borrower or any Subsidiary is a member.

"ERISA Event" means (i) a "reportable event", as defined in Section 4043 of ERISA with respect to a Pension Plan (other than an event for which the 30-day notice period is waived), (ii) the existence with respect to any Pension Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iii) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (iv) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the

termination of any Pension Plan; (v) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or Pension Plans or to appoint a trustee to administer any Pension Plan; (vi) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan; or (vii) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar Advances" means the Loans (or any portions thereof), at such time as it (or such portions) are made and/or being maintained at a rate of interest based upon the Eurodollar Rate.

"Eurodollar Rate" means, with respect to each Eurodollar Advance, a rate of interest per annum, as determined by the Lender, obtained by dividing (and then rounding to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%):

(a) the rate of interest per annum as determined by the Lender, equal to the rate, quoted by BNY to leading banks in the London interbank eurodollar market as the rate at which BNY is offering dollar deposits in an amount approximately equal to such Eurodollar Advance and having a period to maturity approximately equal to the Interest Period applicable to such Eurodollar Advance at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, by

(b) a number equal to 1.00 minus the aggregate of the then stated maximum rates during such Interest Period of all reserve requirements (including marginal, emergency, supplemental and special reserves), expressed as a decimal, established by the Board of Governors and any other banking authority to which BNY and other major money center banks chartered under the laws of the United States or any State thereof are subject, in respect of eurocurrency funding (currently referred to as "eurocurrency liabilities" in Regulation D) without benefit of credit for proration, exceptions or offsets which may be available from time to time to BNY.

"Event of Default" has the meaning set forth in Section 8.1.

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

"Excluded Subsidiaries" means, collectively, (i) Bel Delaware LLC, a Delaware limited liability company and a Wholly Owned Subsidiary of the Hong Kong Subsidiary, (ii) Bel Magnetics Ltd., a Texas limited partnership, (iii) Bel Fuse Delaware Inc., a Delaware corporation, a Wholly Owned Subsidiary of the Borrower and the sole general partner of Bel Magnetics Ltd., (iv) Bel Fuse California Inc., a California corporation, a Wholly Owned Subsidiary of the Borrower and the sole limited partner of

Bel Magnetics Ltd., (v) Bel Fuse America Inc., a Delaware corporation and a Wholly Owned Subsidiary of the Borrower and (vi) each of Transformer One LLC, Transformer Two LLC, Transformer Three LLC, Transformer Four LLC, Transformer Five LLC and Transformer Six LLC (each, a "Transformer Entity"), each a Delaware limited liability company and a Wholly Owned Subsidiary formed for the sole purpose of holding one share of Capital Stock in a Subsidiary organized under the laws of the Dominican Republic (a "Dominican Subsidiary") in order to comply with the laws of the Dominican Republic, which Dominican Subsidiary is not a Material Foreign Subsidiary, provided, however, that (x) if such Transformer Entity engages in the active conduct of a trade or business, (y) such Transformer Entity holds or acquires any asset other than one share of the Capital Stock of such Dominican Subsidiary (other than an asset incidental to the holding of such share) or (z) the Dominican Subsidiary in which it holds Capital Stock becomes a Material Foreign Subsidiary, such Transformer Entity shall automatically cease to be an Excluded Subsidiary.

"Excluded Tax" means as to any Person, a Tax imposed by one of the following jurisdictions or by any political subdivision or taxing authority thereof: (i) the United States, (ii) the jurisdiction in which such Person is organized, (iii) the jurisdiction in which such Person's principal office is located, (iv) in the case of the Lender, any jurisdiction in which the Lender is or is deemed to be doing business; which Tax (a) is any income tax or franchise tax imposed on all or part of the net income or net profits of such Person or (b) represents interest, fees or penalties for payment of any such income tax or franchise tax.

"Federal Funds Effective Rate" means, for any day, a rate per annum (expressed as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Effective Rate for such day shall be the average of the quotations for such day on such transactions received by BNY.

"Fees" has the meaning set forth in Section 2.5(a).

"Final Order" means, with respect to the Approval Order, that such Approval Order has been entered on the docket of the Bankruptcy Court, has not been reversed, stayed, enjoined, annulled or suspended and the time for filing an appeal, petition for certiorari or other request for administrative or judicial relief has expired and as to which no appeal, petition for certiorari or other formal request for administrative or judicial relief has been timely filed and is pending or, if an appeal, petition for certiorari or other request for administrative or judicial relief has been timely filed or taken, the order or judgment of such court, administrative agency or other tribunal has been affirmed (or such appeal, petition or other request for administrative or judicial relief has

been dismissed as moot) by the highest court (or other tribunal having appellate jurisdiction over the order or judgment) to which the order was appealed or the petition for certiorari has been denied and the time to take any further appeal or to seek further certiorari or judicial or administrative review has expired.

"Financial Officer" means, as to any Person, the chief financial officer of such Person or such other officer as shall be satisfactory to the Lender.

"Fixed Charge Ratio" means, (i) on the Restatement Date, the ratio of (x) Consolidated EBITDA to (y) Consolidated Fixed Charges, in each case for the Four Quarter Trailing Period, (ii) as of the last day of the first fiscal quarter ending after the Restatement Date, the ratio of (x) Consolidated EBITDA to (y) Consolidated Fixed Charges, in each case for fiscal quarter then ended, (iii) as of the last day of the second fiscal quarter ending after the Restatement Date, the ratio of (x) Consolidated EBITDA to (y) Consolidated Fixed Charges, in each case for two fiscal quarters then ended, (iv) as of the last day of the third fiscal quarter ending after the Restatement Date, the ratio of (x) Consolidated EBITDA to (y) Consolidated Fixed Charges, in each case for three fiscal quarters then ended, and (v) as of the last day of the fourth fiscal quarter ending after the Restatement Date and the last day of each fiscal quarter thereafter, the ratio of (x) Consolidated EBITDA to (y) Consolidated Fixed Charges, in each case for the Four Quarter Trailing Period.

"Foreign Pledge Agreements" means, collectively, each pledge agreement executed and delivered to grant a security interest in the Capital Stock of a Material Foreign Subsidiary, each in form and substance satisfactory to the Lender, provided that in no event shall any such grant create a security interest in any of the outstanding Capital Stock of a Material Foreign Subsidiary in excess of 65% of the voting power of all classes of Capital Stock of such corporation entitled to vote.

"Foreign Subsidiary" means any Subsidiary that is a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Four Quarter Trailing Period" means, at any date of determination, the period of the four fiscal quarters ending on such date, or, if such date is not the last day of a fiscal quarter, the period of the most immediately completed four fiscal quarters.

"Fraudulent Transfer Laws" has the meaning set forth in Section 10.1(b).

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States.

"Governmental Authority" means any foreign, federal, state, municipal or other government, or any department, commission, board, bureau, agency, public authority or instrumentality thereof, or any court or arbitrator.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or in effect guaranteeing any return on any investment made by another Person, or any Indebtedness, lease, dividend or

other obligation (a "primary obligation") of any other Person (a "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guarantor, direct or indirect (i) to purchase any primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of a primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the beneficiary of any primary obligation of the ability of a primary obligor to make payment of a primary obligation, (iv) otherwise to assure or hold harmless the beneficiary of a primary obligation against loss in respect thereof, and (v) in respect of the liabilities of any partnership in which a secondary obligor is a general partner, except to the extent that such liabilities of such partnership are nonrecourse to such secondary obligor and its separate property, provided, however, that the term "Guarantee" shall not include the endorsement of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee shall be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guarantor in good faith.

"Guarantee Supplement" means a Guarantee Supplement in the form of Exhibit F hereto.

"Guarantor Obligations" means, with respect to each Subsidiary Guarantor, all of the obligations and liabilities of such Subsidiary Guarantor under the Loan Documents, whether fixed, contingent, now existing or hereafter arising, created, assumed, incurred or acquired, and whether arising before or after the occurrence of any Event of Default under Sections 8.1(h) or (i) and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a claim in any proceeding arising in connection with such an event.

"Hedging Agreement" means any interest rate swap, cap or collar arrangement or any other derivative product customarily offered by banks or other financial institutions to their customers in order to manage the exposure of such customers to interest rate fluctuations.

"Hong Kong Subsidiary" means Bel Fuse, Limited, a Hong Kong corporation and a direct Wholly Owned Subsidiary of the Borrower.

"Impermissible Qualification" has the meaning set forth in Section 6.1(a)(i).

"Indebtedness" means, as to any Person, at a particular time, all items which constitute, without duplication, (i) indebtedness for borrowed money, (ii) indebtedness in respect of the deferred purchase price of property (other than trade payables incurred in the ordinary course of business), (iii) indebtedness evidenced by notes, bonds, debentures or similar instruments, (iv) obligations with respect to any

conditional sale or title retention agreement, (v) indebtedness arising under acceptance facilities and the amount available to be drawn under all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder to the extent such Person shall not have reimbursed the issuer in respect of the issuer's payment thereof, (vi) liabilities secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned by such Person (other than carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like non-consensual statutory Liens arising in the ordinary course of business), even though such Person has not assumed or otherwise become liable for the payment thereof, (vii) Capital Lease Obligations, (viii) all obligations of such Person in respect of Disqualified Stock, and (ix) all Guarantees by such Person of Indebtedness of others. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Liabilities" and "Indemnified Person" have the meanings set forth in Section 9.4(b).

"Indemnified Tax" means as to any Person, any Tax, except (i) an Excluded Tax imposed on such Person and (ii) any interest, fees or penalties for late payment of an Excluded Tax imposed on such Person.

"Insolvent" means, with respect to any Person, (a) the sum of the assets, at a fair valuation, of such Person does not exceed its debts, (b) such Person has incurred debts beyond its ability to pay such debts as such debts mature, (c) such Person believes that, in the ordinary course of its business during the reasonably foreseeable future, it will incur debts beyond its ability to pay such debts as such debts mature, and (d) such Person has insufficient capital with which to conduct its business. For purposes of this definition only, "debt" means any liability on a claim, and "claim" means any (i) right to payment, whether such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured, liquidated or unliquidated.

"Intellectual Property" means all patents, trademarks, tradenames, copyrights, trade secrets, confidential or proprietary technical and business information and other similar property and all licenses related thereto.

"Intercompany Transaction Amount" has the meaning set forth in Section 7.1(c)(ii).

"Interest Period" means, with respect to each Eurodollar Advance, the period commencing on the Borrowing Date or Conversion Date of such Eurodollar

Advance and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may select in the applicable Borrowing Request or Notice of Conversion.

"Investments" has the meaning set forth in Section in Section 7.4.

"Leverage Ratio" means, (i) on the Restatement Date, the ratio of (x) the aggregate Indebtedness on such date of the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP, to (y) Consolidated EBITDA for the Four Quarter Trailing Period, (ii) as of the last day of the first fiscal quarter ending after the Restatement Date, the ratio of (x) the aggregate Indebtedness on such date of the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP, to (y) Consolidated EBITDA for fiscal quarter then ended multiplied by four, (iii) as of the last day of the second fiscal quarter ending after the Restatement Date, the ratio of (x) the aggregate Indebtedness on such date of the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP, to (y) Consolidated EBITDA for the two fiscal quarters then ended multiplied by two, (iv) as of the last day of the third fiscal quarter ending after the Restatement Date, the ratio of (x) the aggregate Indebtedness on such date of the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP, to (y) Consolidated EBITDA for the three fiscal quarters then ended multiplied by 1.3333, and (v) as of the last day of the fourth fiscal quarter ending after the Restatement Date and the last day of each fiscal quarter thereafter, the ratio of (x) the aggregate Indebtedness on such date of the Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP, to (y) Consolidated EBITDA for the Four Quarter Trailing Period.

"Lien" means any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), or other security agreement or security interest of any kind or nature whatsoever, including any conditional sale or other title retention agreement and any capital or financing lease having substantially the same economic effect as any of the foregoing.

"Line of Business" means the manufacturing and distribution of electronic components and any business reasonably similar, complimentary, ancillary or related thereto.

"Liquidity Ratio" means at any time, the ratio at such time of (i) the sum, without duplication, of (x) cash, (y) Cash Equivalents and (z) marketable securities to (ii) funded Indebtedness, in each case of the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP.

"Loans" means the loans made by the Lender to the Borrower pursuant to this Agreement.

"Loan Documents" means, collectively, this Agreement, the Note, the Security Documents, each Secured Hedging Agreement and all other agreements, instruments and documents executed or delivered in connection herewith.

"Loan Parties" means, collectively, the Borrower, each Subsidiary Guarantor and each other Person (other than the Lender or any of its Affiliates) party to a Loan Document.

"Managing Person" means, with respect to any Person that is (i) a corporation, its board of directors, (ii) a limited liability company, its board of control, managing member or members, (iii) a limited partnership, its general partner or general partners, (iv) a general partnership or a limited liability partnership, its managing partner or managing partners or executive committee or (v) any other Person, the managing body thereof or other Person analogous to the foregoing.

"Margin Stock" has the meaning set forth in Regulation U.

"Material Adverse" means, with respect to any change or effect, a material adverse change in, or effect on, as the case may be, (i) the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and the Subsidiaries taken as a whole, (ii) the ability of any Loan Party to perform its obligations under the Loan Documents to which it is a party, (iii) the rights of, or benefits available to, the Lender under the Loan Documents, in any material respect, (iv) the legality or enforceability of any Loan Document or (v) the perfection or priority of any Lien granted under any of the Security Documents.

"Material Foreign Subsidiary" means each direct or indirect Foreign Subsidiary of the Borrower or any Subsidiary Guarantor which, as of the last day of the most recently completed fiscal quarter, satisfied either one or both of the following tests:

(i) such Foreign Subsidiary's total assets (after intercompany eliminations) exceeds 10% of consolidated total assets of the Loan Parties; or

(ii) such Foreign Subsidiary's income (not to include losses) for such fiscal quarter from continuing operations before income taxes, extraordinary items and the cumulative effect of a change in accounting principles of such Foreign Subsidiary for such period exceeds 10% of the income (not to include losses) for the last twelve months ending as of the last day of such fiscal quarter from continuing operations before income taxes, extraordinary items and the cumulative effect of a change in accounting principles of the Loan Parties determined on a consolidated basis in accordance with GAAP, provided that if such Foreign Subsidiary was not a Subsidiary as of the beginning of such fiscal quarter, the determination shall be calculated on a pro forma basis as if such Person became a Foreign Subsidiary on the first day of such fiscal quarter.

"Material Subsidiary" means any direct or indirect Subsidiary (other than the Excluded Subsidiaries) as to which any of the following tests are or have at any time on or after the Restatement Date been met: (A) the Borrower's and the other Subsidiaries' investments in and advances to such Subsidiary are greater than or equal to 5% of the total assets of the Borrower and the Subsidiaries on a consolidated basis as of the last day of the most recently completed fiscal year of the Borrower, (B) such Subsidiary's

proportionate share of the total assets (after intercompany eliminations) of the Borrower and the Subsidiaries on a consolidated basis is greater than or equal to 5% of the total assets of the Borrower and the Subsidiaries on a consolidated basis as of the last day of the most recently completed fiscal year of the Borrower, or (C) the income from continuing operations before income taxes, extraordinary items and the cumulative effect of a change in accounting principles of such Subsidiary is greater than or equal to 5% of such income of the Borrower and the Subsidiaries on a consolidated basis as of the last day of the most recently completed fiscal year of the Borrower.

"Material Liabilities" means, on any date, with respect to the Borrower, any Subsidiary, or any combination thereof: (i) all Indebtedness (other than Indebtedness under the Loan Documents), (ii) the net termination obligations in respect of one or more Hedging Agreements (calculated as if such Hedging Agreements were terminated as of such date), and (iii) other liabilities, in each case whether as principal, guarantor, surety or other obligor, in an aggregate principal amount exceeding $100,000.

"Minimum Amount" means in respect of (i) ABR Advances, $100,000 or such amount plus a whole multiple of $50,000 in excess thereof, and (ii) Eurodollar Advances, $100,000 or such amount plus a whole multiple of $100,000 in excess thereof.

"Multiemployer Plan" means a Pension Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Non-Guarantor Subsidiary" at any time, the Excluded Subsidiaries and any other Subsidiary that is not a Subsidiary Guarantor at such time.

"Note" means an amended and restated promissory note, substantially in the form of Exhibit A, payable to the order of the Lender, made by the Borrower and dated the Restatement Date, including all replacements thereof and substitutions therefor.

"Notice of Conversion" has the meaning set forth in Section 3.3(a).

"Obligations" means, collectively, the Borrower Obligations and the Guarantor Obligations.

"Organizational Documents" means as to any Person which is (i) a corporation, the certificate or articles of incorporation and by-laws of such Person, (ii) a limited liability company, the limited liability company agreement or similar agreement of such Person, (iii) a partnership, the partnership agreement or similar agreement of such Person, or (iv) any other form of entity or organization, the organizational documents analogous to the foregoing.

"Original Credit Agreement" has the meaning set forth in Recital A.

"Other Taxes" means any and all current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery, registration or enforcement of,

or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Loan Documents or otherwise with respect to the Loan Documents.

"Payment Office" means the office of the Lender set forth in Section 9.2(b).

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any Governmental Authority succeeding to the functions thereof.

"PC Acquisition" means the acquisition of the Passive Components division of Insilco Holdings Co., Inc. by Bel Fuse Inc., Bel Fuse Ltd., Bel Fuse Macau, L.D.A., Bel Transformer Inc. and Bel Connector Inc. in accordance with the terms of the PC Asset Purchase Agreement.

"PC Acquisition Documents" means, collectively, (i) PC Asset Purchase Agreement and (ii) each other agreement, instrument or other document executed or delivered in connection with the closing under the foregoing, including all approvals and consents obtained.

"PC Asset Purchase Agreement" means the Stock and Asset Purchase Agreement, dated as of December 15, 2002, among Bel Fuse Inc., Bel Fuse Ltd., Bel Fuse Macau, L.D.A., Bel Transformer Inc. and Bel Connector Inc. and Insilco Technologies, Inc.

"Pension Plan" means, at any date of determination, any employee pension benefit plan (other than a Multiemployer Plan), the funding requirements of which (under Section 302 of ERISA or Section 412 of the Code) are, or at any time within the six years immediately preceding such date, were, in whole or in part, the responsibility of the Borrower or any ERISA Affiliate.

"Permitted Liens" has the meaning set forth in Section 7.2.

"Person" means a natural person, firm, partnership, limited liability company, joint venture, corporation, association, business enterprise, joint stock company, unincorporated association, trust, Governmental Authority or any other entity, whether acting in an individual, fiduciary, or other capacity, and for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Prime Rate" means the rate of interest per annum publicly announced in New York City by BNY from time to time as its prime commercial lending rate, such rate to be adjusted automatically (without notice) on the effective date of any change in such publicly announced rate.

"Regulation D, T, U and X" means Regulations D, T, U and X, respectively, of the Board of Governors as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Payment" has the meaning set forth in Section 3.7(a).

"Restatement Date" has the meaning set forth in Recital D.

"Restricted Payment" has the meaning set forth in Section 7.7.

"Revolving Commitment" means the commitment of the Lender to make Revolving Loans hereunder, expressed as an amount representing the maximum aggregate amount of the Revolving Credit Exposure permitted hereunder, as such commitment may be reduced or increased from time to time pursuant to Section 2.3. The initial amount of the Lender's Revolving Commitment is $10,000,000.

"Revolving Credit Exposure" means, at any time, the aggregate outstanding principal amount of the Revolving Loans at such time.

"Revolving Loan" means a loan referred to in Section 2.1(a) and made pursuant to Section 2.4.

"Revolving Maturity Date" means March 21, 2006, or such earlier date on which the Revolving Loans shall become due and payable, whether by acceleration or otherwise.

"SEC" means the Securities and Exchange Commission or any Governmental Authority succeeding to the functions thereof.

"Secured Hedging Agreement" means any Hedging Agreement entered into by the Borrower with the Lender (or an Affiliate thereof).

"Security Agreement" means the Amended and Restated Security Agreement, substantially in the form of Exhibit G, among the Borrower, the Subsidiary Guarantors and the Lender.

"Security Documents" means, collectively, (i) upon the execution and delivery thereof, the Security Agreement, (ii) each supplement to the Security Agreement executed and delivered pursuant to Section 6.9, (iii) each Foreign Pledge Agreement and (iv) all other instruments and documents delivered pursuant to Section 6.9 or 6.10 to secure any of the Obligations.

"Special Counsel" means Bryan Cave LLP, or such other counsel selected by the Lender as, special counsel to the Lender hereunder.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any other Person (i) the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were

prepared in accordance with GAAP as of such date, (ii) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests or more than 50% of the profits or losses of which are, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent. Unless otherwise qualified, all references to "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantor" means each Domestic Subsidiary party to this Agreement, provided that the Excluded Subsidiaries shall not be Subsidiary Guarantors.

"Tax" means any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, by a Governmental Authority, on whomsoever and wherever imposed, levied, collected, withheld or assessed.

"Term Commitment" means the commitment of the Lender to make the Term Loan hereunder. The amount of the Term Commitment on the Restatement Date is $10,000,000.

"Term Loan" means a loan referred to in Section 2.1(b) and made pursuant to Section 2.4.

"Term Maturity Date" means March 21, 2008.

"Transactions" means, collectively, (i) the transactions contemplated by the Loan Documents and (ii) the PC Acquisition.

"Type", when used in reference to a Loan or Advance, refers to whether the rate of interest on such Loan, or on the Loans comprising such Advance, is determined by reference to the Eurodollar Rate or the Alternate Base Rate.

"Unconsolidated Investment" means, as of any date, any investment made by the Borrower or any Subsidiary in any other Person that, pursuant to GAAP as in effect on such date, would not be consolidated with the Borrower for financial reporting purposes immediately after giving effect to such investment.

"United States" means the United States of America.

"Upfront Fee" has the meaning set forth in Section 3.2(b).

"Wholly Owned" means, with respect to any Subsidiary of any Person, 100% of the outstanding Capital Stock of such Subsidiary is owned, directly or indirectly, by such Person.

"Withdrawal Liability" means, with respect to any Person, liability of such Person to a Multiemployer Plan as a result of a complete or partial withdrawal from such

Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2. Accounting Terms

As used in the Loan Documents and in any certificate, opinion or other document made or delivered pursuant thereto, accounting terms not defined in Section 1.1, and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP. If any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement, the Lender and the Borrower shall negotiate in good faith to amend such ratio or requirement to reflect such change in GAAP, provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change and (ii) the Borrower shall provide to the Lender financial statements and other documents required under this Agreement (or such other items as the Lender may reasonably request) setting forth a reconciliation between calculations of such ratio or requirement before and after giving effect to such change.

Section 1.3. Rules of Interpretation

(a) Unless expressly provided in a Loan Document to the contrary, (i) the words "hereof", "herein", "hereto" and "hereunder" and similar words when used in each Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof, (ii) article, section, subsection, schedule and exhibit references contained therein shall refer to article, section, subsection, schedule and exhibit thereof or thereto, (iii) the words "include" and "including", shall mean that the same shall be "included, without limitation", (iv) any definition of, or reference to, any agreement, instrument, certificate or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified, (v) any reference herein to any Person shall be construed to include such Person's successors and assigns, (vi) the words "asset" and "property" shall be construed to have the same meaning and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (vii) words in the singular number include the plural, and words used therein in the plural include the singular, (viii) any reference to a time shall refer to such time in New York, (ix) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding", and (x) references therein to a fiscal period shall refer to that fiscal period of the Borrower.

(b) Article and Section headings have been inserted in the Loan Documents for convenience only and shall not be construed to be a part thereof.

Section 1.4. Classification of Loans and Advances

For purposes of this Credit Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or

by Class and Type (e.g., a "Eurodollar Revolving Loan"). Advances may also be classified and referred to by Class (e.g., a "Revolving Advance") or by Type (e.g., a "Eurodollar Advance") or by Class and Type (e.g., a "Eurodollar Revolving Advance").

ARTICLE 2. AMOUNT AND TERMS OF THE LOANS

Section 2.1. Loans

(a) Subject to the terms and conditions hereof, the Lender agrees to make revolving credit loans in Dollars (each a "Revolving Loan" and collectively with all other Loans of the Lender, the "Revolving Loans") to the Borrower from time to time on any Business Day during the period from the Restatement Date to the Business Day proceeding the Revolving Maturity Date, provided that after giving effect thereto the Revolving Credit Exposure would not exceed the Revolving Commitment. During such period, the Borrower may borrow, prepay in whole or in part and reborrow under the Revolving Commitment, all in accordance with the terms and conditions of this Agreement. The outstanding principal balance of each Revolving Loan shall be due and payable on the Revolving Maturity Date.

(b) Subject to the terms and conditions hereof, the Lender agrees to make a term loan in Dollars (the "Term Loan") to the Borrower in a single draw on the Restatement Date in a principal amount not exceeding the Term Commitment. Any portion of the Term Loan which is prepaid or repaid may not be reborrowed. The outstanding principal balance of the Term Loan shall be due and payable on the Term Maturity Date. The Term Commitment shall be reduced to $0 at the close of business on the Restatement Date.

Section 2.2. Procedure for Borrowing

(a) To request a Loan, the Borrower shall notify the Lender by the delivery of a Borrowing Request, which shall be sent by facsimile and shall be irrevocable (confirmed promptly, and in any event within five Business Days, by the delivery to the Lender of a Borrowing Request manually signed by the Borrower), no later than 11:00 a.m., three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Advances, and 11:00 a.m., one Business Day prior to the requested Borrowing Date, in the case of ABR Advances, specifying (A) the aggregate principal amount to be borrowed, (B) the requested Borrowing Date, (C) whether such Loan is to be a Revolving Loan or a Term Loan, (D) whether such borrowing is to consist of one or more Eurodollar Advances, ABR Advances, or a combination thereof and (E) if the Loan is to consist of one or more Eurodollar Advances, the amount and length of the Interest Period for each Eurodollar Advance. The amount of each (i) Eurodollar Advance to be made on a Borrowing Date, when aggregated with all amounts to be converted to, or continued as, a Eurodollar Advance on such date and having the same Interest Period as such first Eurodollar Advance, shall equal the Minimum Amount and (ii) each ABR Advance made on each Borrowing Date shall equal the Minimum Amount or, if less, the unused portion of the Revolving Commitment.

(b) Subject to the satisfaction of the terms and conditions of this Agreement, the Lender shall on the requested Borrowing Date make available the proceeds of the requested Loan to the Borrower at the Payment Office by crediting the account of the Borrower on the books of the Lender at such office with said amount.

Section 2.3. Termination and Reduction of Revolving Commitment

(a) Voluntary Termination or Reductions. The Borrower may, upon at least three Business Days' prior written notice to the Lender, (A) at any time when the Revolving Credit Exposure shall be zero, terminate the Revolving Commitment, and (B) at any time and from time to time when the Revolving Commitment shall exceed the Revolving Credit Exposure (after giving effect to any contemporaneous payment or payment of Revolving Loans), permanently reduce the Revolving Commitment by a sum not greater than the amount of such excess, provided, however, that each such partial reduction shall be in the amount of $1,000,000 or such amount plus a whole multiple of $500,000 in excess thereof.

(b) Reductions in General. Simultaneously with each reduction of the Revolving Commitment, the Borrower shall pay the Commitment Fee accrued on the amount by which the Revolving Commitment has been reduced.

(c) Mandatory Reductions. Unless previously terminated, the Revolving Commitment shall terminate on the Revolving Maturity Date.

Section 2.4. Prepayments of the Loans

(a) Voluntary Prepayments. The Borrower shall have the right at any time and from time to time to prepay all or any portion of the Loans without premium or penalty (but subject to Section 3.5), by delivering to the Lender an irrevocable written notice thereof at least one Business Day prior to the proposed prepayment date, in the case of Loans consisting of ABR Advances, and at least three Business Days prior to the proposed prepayment date, in the case of Loans consisting of Eurodollar Advances, specifying whether the Loans to be prepaid consist of Revolving Loans or all or a portion of the Term Loan or ABR Advances, Eurodollar Advances, or a combination thereof, the amount to be prepaid and the date of prepayment, whereupon the amount specified in such notice shall be due and payable on the date specified. Each partial prepayment of the Loans pursuant to this subsection shall be in an amount equal to the Minimum Amount, or, if less, the outstanding principal balance of the Loans. After giving effect to any partial prepayment with respect to Eurodollar Advances which were made (whether as the result of a borrowing, a conversion or a continuation) on the same date and which had the same Interest Period, the outstanding principal balance of such Eurodollar Advances shall equal or exceed (subject to Section 3.3) the Minimum Amount.

(b) Mandatory Prepayments of Revolving Loans. Simultaneously with each reduction or termination of the Revolving Commitment, the Borrower shall prepay the Loans by an amount equal to the lesser of (i) the Revolving Credit Exposure, or (ii)

the excess of the Revolving Credit Exposure over the Revolving Commitment as so reduced or terminated.

(c) Term Loan Amortization. On each date set forth below, the aggregate unpaid principal balance of the Term Loan shall be due and payable in the amount set forth below adjacent to such date under the heading "Amount":

DATE	AMOUNT	DATE	AMOUNT
June 30, 2003	$500,000	December 31, 2005	$500,000
September 30, 2003	$500,000	March 31, 2006	$500,000
December 31, 2003	$500,000	June 30, 2006	$500,000
March 31, 2004	$500,000	September 30, 2006	$500,000
June 30, 2004	$500,000	December 31, 2006	$500,000
September 30, 2004	$500,000	March 31, 2007	$500,000
December 31, 2004	$500,000	June 30, 2007	$500,000
March 31, 2005	$500,000	September 30, 2007	$500,000
June 30, 2005	$500,000	December 31, 2007	$500,000
September 30, 2005	$500,000	Term Maturity Date	$500,000

(d) In General. Simultaneously with each prepayment of a Loan, the Borrower shall prepay all accrued interest on the amount prepaid through the date of prepayment. Each prepayment of the Term Loan shall be applied to the remaining installments of principal required under Section 2.4(d), in the inverse order of maturity.

Section 2.5. Payments; Set-Off

(a) Payments. Except as provided below, all payments, including prepayments, of principal and interest on the Loans, the Commitment Fee, the Upfront Fee and of all other amounts to be paid by the Borrower under the Loan Documents, (the Commitment Fee, the Upfront Fee together with all of such other fees, being sometimes hereinafter collectively referred to as the "Fees") shall be made to the Lender, prior to 1:00 p.m. on the date such payment is due at the Payment Office, in Dollars and in immediately available funds, without set-off, offset, recoupment or counterclaim. The failure of the Borrower to make any such payment by such time shall not constitute a Default, provided that such payment is made on such due date, but any such payment made after 1:00 p.m. on such due date shall be deemed to have been made on the next Business Day for the purpose of calculating interest on the Loans. If any payment under the Loan Documents shall be due and payable on a day which is not a Business Day, the due date thereof (except as otherwise provided with respect to Interest Periods) shall be extended to the next Business Day and (except with respect to payments in respect of the Fees) interest shall be payable at the applicable rate specified herein during such extension, provided, however, that if such next Business Day would be after the Revolving Maturity Date or the Term Maturity Date, as applicable, such payment shall instead be due on the immediately preceding Business Day.

(b) Set-Off. In addition to any rights and remedies of the Lender provided by law, upon the occurrence of an Event of Default and the acceleration of the

obligations owing in connection with the Loan Documents, or at any time upon the occurrence and during the continuance of an Event of Default under Sections 8.1(a) or (b), the Lender shall have the right, without prior notice to the Borrower or any other Loan Party, any such notice being expressly waived by the Borrower and each other Loan Party to the extent not prohibited by applicable law, to set-off and apply against any indebtedness, whether matured or unmatured, of the Borrower or such other Loan Party, as the case may be, to the Lender any amount owing from the Lender to the Borrower or such other Loan Party, as the case may be, at, or at any time after, the happening of any of the above-mentioned events. To the extent not prohibited by applicable law, the aforesaid right of set-off may be exercised by the Lender against the Borrower or such other Loan Party, as the case may be, or against any trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor of the Borrower or such other Loan Party, as the case may be, or against anyone else claiming through or against the Borrower or such other Loan Party, as the case may be, or such trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by the Lender prior to the making, filing or issuance, or service upon the Lender of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. The Lender agrees promptly to notify the Borrower after any such set-off and application made by the Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

ARTICLE 3. INTEREST, FEES, YIELD PROTECTIONS, ETC.

Section 3.1. Interest Rate and Payment Dates

(a) Advances. Each (i) ABR Advance shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin and (ii) Eurodollar Advance shall bear interest at a rate per annum equal to the Eurodollar Rate for the applicable Interest Period plus the Applicable Margin.

(b) Event of Default; Late Charges. Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default under Section 8.1(a) or 8.1(b), the outstanding principal balance of the Loans shall bear interest at a rate per annum equal to 2% plus the rate otherwise applicable thereto as provided in subsection (a) above. If any interest, Fee or other amount payable under the Loan Documents is not paid when due (whether at the stated maturity thereof, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the Alternate Base Rate plus 2%, from the date of such nonpayment until paid in full (whether before or after the entry of a judgment thereon). All such interest shall be payable on demand.

(c) Payment of Interest. Except as otherwise provided in subsection (b) above, interest shall be payable in arrears on the following dates and upon each payment (including prepayment) of the Loans:

(i) in the case of an ABR Advance, on the last Business Day of each March, June, September and December commencing on the first of such days to occur after such ABR Advance is made or any Eurodollar Advance is converted to an ABR Advance;

(ii) in the case of a Eurodollar Advance, on the last day of the Interest Period applicable thereto and, if such Interest Period is longer than three months, the last Business Day of each three month interval occurring during such Interest Period; and

(iii) in the case of all Advances comprising a Revolving Loan, the Revolving Maturity Date, and in the case of all Advances comprising the Term Loan, the Term Maturity Date.

(d) Computations. Interest on (i) ABR Advances to the extent based on the Prime Rate shall be calculated on the basis of a 365 or 366-day year (as the case may be), and (ii) ABR Advances to the extent based on the Federal Funds Effective Rate and on Eurodollar Advances shall be calculated on the basis of a 360-day year, in each case, for the actual number of days elapsed. The Lender shall, as soon as practicable, notify the Borrower of the effective date and the amount of each such change in the Prime Rate, but any failure to so notify shall not in any manner affect the obligation of the Borrower to pay interest on the Loans in the amounts and on the dates required. Each determination of a rate of interest by the Lender pursuant to the Loan Documents shall be conclusive and binding on all parties hereto absent manifest error. The Borrower acknowledges that to the extent interest payable on ABR Advances is based on the Prime Rate, such rate is only one of the bases for computing interest on loans made by the Lender, and by basing interest payable on ABR Advances on the Prime Rate, the Lender has not committed to charge, and the Borrower has not in any way bargained for, interest based on a lower or the lowest rate at which the Lender may now or in the future make loans to other borrowers.

Section 3.2. Fees

(a) Commitment Fee. The Borrower agrees to pay to the Lender, a fee (the "Commitment Fee"), during the period from the Restatement Date through the Business Day immediately preceding the Revolving Maturity Date, at a rate per annum equal to the Applicable Margin on the average daily unused Revolving Commitment. The Commitment Fee shall be payable (i) quarterly in arrears on the last Business Day of each March, June, September and December during such period, commencing on the first such day following the Restatement Date, (ii) on the date of any reduction in the Revolving Commitment (to the extent of such reduction) and (iii) on the Revolving Maturity Date. The Commitment Fee shall be calculated on the basis of a 360 day year, as the case may be, for the actual number of days elapsed.

(b) Upfront Fee. The Borrower agrees to pay to the Lender on the Restatement Date, an upfront fee (the "Upfront Fee"), in an amount equal to 0.50% of the Commitments.

Section 3.3. Conversions

(a) The Borrower may elect from time to time to convert one or more Eurodollar Advances to ABR Advances by giving the Lender at least one Business Day's prior irrevocable notice of such election, specifying the amount to be converted, provided, that any such conversion of Eurodollar Advances shall only be made on the last day of the Interest Period applicable thereto. In addition, the Borrower may elect from time to time to (i) convert ABR Advances comprising all or a portion of Loans of any Class to Eurodollar Advances and (ii) continue Eurodollar Advances as new Eurodollar Advances by selecting a new Interest Period therefor, in each case by giving the Lender at least three Business Days' prior irrevocable notice of such election, in the case of a conversion to, or continuation of, Eurodollar Advances, specifying the amount to be so converted or continued and the initial Interest Period relating thereto, provided that any such conversion of ABR Advances to Eurodollar Advances shall only be made on a Business Day and any such continuation of Eurodollar Advances as new Eurodollar Advances shall only be made on the last day of the Interest Period applicable to the Eurodollar Advances which are to be continued as such new Eurodollar Advances. Each such notice (a "Notice of Conversion") shall be substantially in the form of Exhibit C, shall be irrevocable and shall be given by facsimile (confirmed promptly, and in any event within five Business Days, by the delivery to the Lender of a Notice of Conversion manually signed by the Borrower). Advances may be converted or continued pursuant to this Section 3.3 in whole or in part, provided that the amount to be converted to, or continued as, each Eurodollar Advance, when aggregated with any Eurodollar Advance to be made on such date in accordance with Section 2.2 and having the same Interest Period as such first Eurodollar Advance, shall equal the Minimum Amount.

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence and during the continuance of an Event of Default, the Borrower shall have no right to elect to convert any existing ABR Advance to a new Eurodollar Advance or to continue any existing Eurodollar Advance as a new Eurodollar Advance. In such event, all ABR Advances shall be automatically continued as ABR Advances and all Eurodollar Advances shall be automatically converted to ABR Advances on the last day of the Interest Period applicable to such Eurodollar Advance.

(c) Each conversion or continuation shall be effected by the Lender by applying the proceeds of the new ABR Advance or Eurodollar Advance, as the case may be, to the Advances (or portion thereof) being converted (it being understood that any such conversion or continuation shall not constitute a borrowing for purposes of Article 4).

Section 3.4. Concerning Interest Periods

(a) No Interest Period in respect of a Eurodollar Advance comprising all or a portion of (i) a Revolving Loan shall end after the Revolving Maturity Date or (ii) the Term Loan shall end after the Term Maturity Date.

(b) Any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

(c) If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day.

(d) If the Borrower shall have failed to timely elect a Eurodollar Advance under Section 3.3 in connection with any conversion to, or continuation of, a Eurodollar Advance, such Advance requested to be converted to, or continued as, a Eurodollar Advance shall thereafter be an ABR Advance until such time, if any, as the Borrower shall elect a new Eurodollar Advance pursuant to Section 3.3.

(e) The Borrower shall not be permitted to have more than eight Eurodollar Advances outstanding at any one time.

Section 3.5. Funding Loss

Notwithstanding anything contained herein to the contrary, if the Borrower shall fail to borrow, convert or continue a Eurodollar Advance on a Borrowing Date or a Conversion Date after it shall have given notice to do so in which it shall have requested a Eurodollar Advance, or if a Eurodollar Advance shall be terminated for any reason prior to the last day of the Interest Period applicable thereto, or if, while a Eurodollar Advance is outstanding, any repayment or prepayment of such Eurodollar Advance is made for any reason (including as a result of acceleration or illegality) on a date which is prior to the last day of the Interest Period applicable thereto, the Borrower agrees to indemnify the Lender against, and to pay on demand to the Lender the amount (calculated by the Lender using any reasonable method chosen by it which is customarily used by it for such purpose) equal to any loss or out-of-pocket expense suffered by the Lender as a result of such failure to convert, or continue, or such termination, repayment or prepayment, including any loss, cost or expense suffered by the Lender in liquidating or employing deposits acquired to fund or maintain the funding of such Eurodollar Advance or redeploying funds prepaid or repaid, in amounts which correspond to such Eurodollar Advance and any reasonable internal processing charge customarily charged by the Lender in connection therewith.

Section 3.6. Increased Costs; Illegality, etc.

(a) Increased Costs. If any Change in Law shall impose, modify or make applicable any reserve, special deposit, compulsory loan, assessment, increased cost or similar requirement against assets held by, or deposits of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Lender in respect of its Eurodollar Advances which is not otherwise included in the

determination of a Eurodollar Rate and the result thereof is to increase the cost to the Lender of making, renewing, converting or maintaining its Eurodollar Advances or its commitment to make such Eurodollar Advances, or to reduce any amount receivable under the Loan Documents in respect of its Eurodollar Advances, then, in any such case, the Borrower shall pay the Lender such additional amounts as is sufficient to compensate the Lender for such additional cost or reduction in such amount receivable which the Lender deems to be material (as determined by the Lender.)

(b) Capital Adequacy. If the Lender determines that any Change in Law relating to capital requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company on the Loans to a level below that which the Lender (or its holding company) would have achieved or would thereafter be able to achieve but for such Change in Law (after taking into account the Lender's (or such holding company's) policies regarding capital adequacy), the Borrower shall pay to the Lender (or such holding company) such additional amount or amounts as will compensate the Lender (or such holding company) for such reduction.

(c) Illegality. Notwithstanding any other provision hereof, if the Lender shall reasonably determine that any law, regulation, treaty or directive, or any change therein or in the interpretation or application thereof, shall make it unlawful for it to make or maintain any Eurodollar Advance as contemplated by this Agreement, the Lender shall promptly notify the Borrower thereof, and (i) the commitment of the Lender to make such Eurodollar Advances or convert ABR Advances to Eurodollar Advances shall forthwith be suspended, (ii) the Lender shall fund each requested Eurodollar Advance as an ABR Advance and (iii) the portion of the Loans then outstanding as such Eurodollar Advances, if any, shall be converted automatically to ABR Advances on the last day of the then current Interest Period applicable thereto or at such earlier time as may be required by law. The commitment of the Lender with respect to Eurodollar Advances shall be suspended until the Lender shall notify the Borrower that the circumstances causing such suspension no longer exist. Upon receipt of such notice by the Borrower, the Lender's commitment to make or maintain Eurodollar Advances shall be reinstated.

(d) Substituted Interest Rate. In the event that the Lender shall have determined (which determination shall be conclusive and binding upon the Borrower) that (i) by reason of circumstances affecting the interbank eurodollar market either adequate and reasonable means do not exist for ascertaining the Eurodollar Rate applicable pursuant to Section 3.1 or (ii) the applicable Eurodollar Rate will not adequately and fairly reflect the cost to the Lender of maintaining or funding loans bearing interest based on such Eurodollar Rate, with respect to any portion of the Loans that the Borrower has requested be made as Eurodollar Advances or Eurodollar Advances that will result from the requested conversion or continuation of any portion of the Advances into or of Eurodollar Advances (each, an "Affected Advance"), the Lender shall promptly notify the Borrower (by telephone or otherwise, to be promptly confirmed in writing) of such determination, on or, to the extent practicable, prior to the requested Conversion Date for such Affected Advances. If the Lender shall give such notice, (a)

any Affected Advances shall be made as ABR Advances, (b) the Advances (or any portion thereof) that were to have been converted to Affected Advances shall be converted to ABR Advances and (c) any outstanding Affected Advances shall be converted, on the last day of the then current Interest Period with respect thereto, to ABR Advances. Until any notice under clauses (i) or (ii), as the case may be, of this subsection (d) has been withdrawn by the Lender, no further Eurodollar Advances shall be required to be made by the Lender, nor shall the Borrower have the right to convert all or any portion of the Loans to Eurodollar Advances.

(e) Payment; Certificates. Each payment pursuant to subsections (a) or (b) above shall be made within 10 days after demand therefor, which demand shall be accompanied by a certificate of the Lender demanding such payment setting forth the calculations of the additional amounts payable pursuant thereto. Each such certificate shall be presumptively correct absent manifest error. No failure by the Lender to demand, and no delay in demanding, compensation for any increased cost shall constitute a waiver of its right to demand such compensation at any time. Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 3.7. Taxes

(a) Payments Free of Taxes. All payments by or on account of the Borrower under any Loan Document to or for the account of the Lender shall be made free and clear of, and without any deduction or withholding for or on account of, any and all present or future Indemnified Taxes or Other Taxes, provided that if the Borrower or any other Person is required by any law, rule, regulation, order, directive, treaty or guideline to make any deduction or withholding in respect of such Indemnified Tax or Other Tax from any amount required to be paid by the Borrower to or on behalf of the Lender under any Loan Document (each, a "Required Payment"), then (i) the Borrower shall notify the Lender of any such requirement or any change in any such requirement as soon as the Borrower becomes aware thereof, (ii) the Borrower shall pay such Indemnified Tax or Other Tax prior to the date on which penalties attach thereto, such payment to be made (to the extent that the liability to pay is imposed on the Borrower) for its own account or (to the extent that the liability to pay is imposed on the Lender) on behalf and in the name of the Lender, (iii) the Borrower shall pay to the Lender an additional amount such that the Lender shall receive on the due date therefor an amount equal to the Required Payment had no such deduction or withholding been made or required, and (iv) the Borrower shall, within 30 days after paying such Indemnified Tax or Other Tax, deliver to the Lender satisfactory evidence of such payment to the relevant Governmental Authority.

(b) Reimbursement for Taxes and Other Taxes Paid by the Lender. The Borrower shall reimburse the Lender, within ten days after written demand therefor, for the full amount of all Indemnified Taxes or Other Taxes paid by the Lender on or with respect to any payment by or on account of any obligation of the Borrower under the Loan Documents (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.7) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto (other than any such penalties, interest or expenses that are incurred by the Lender's unreasonably taking or omitting to take action with respect to such Indemnified Taxes or Other Taxes), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be presumptively correct absent manifest error. In the event that the Lender determines that it received a refund or credit for Indemnified Taxes or Other Taxes paid, or expenses reimbursed, by the Borrower under this Section 3.7, the Lender shall promptly notify the Borrower of such fact and shall remit to the Borrower the amount of such refund or credit.

Section 3.8. Changes of Lending Offices

If the Lender (or its holding company, if any) requests compensation under Section 3.6(a) or (b) or if the Borrower is required to pay an additional amount to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 3.7, the Lender will, upon the request of the Borrower, use reasonable efforts (subject to its overall policy considerations) to designate a different lending office for funding or booking the Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in its good faith judgment, such designation or assignment (i) would eliminate or reduce future amounts payable under Section 3.6(a) or (b) or Section 3.7, as the case may be, (ii) would not subject the Lender to any unreimbursed cost or expense and (iii) would not otherwise be disadvantageous to the Lender. The Borrower agrees to pay the reasonable costs and expenses incurred in connection with any such designation or assignment and the Lender agrees that no assignment fee shall be payable to it pursuant to Section 9.5(b) in connection therewith. Nothing in this Section 3.7 shall affect or postpone any of the obligations of the Borrower to make the payments required to the Lender under Section 3.6(a) or (b) or Section 3.7, incurred prior to any such designation or assignment.

Article 4. REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to the Lender as follows:

Section 4.1. Organization and Power

Each of the Borrower and each Subsidiary (i) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to own its property and to carry on its business as now conducted, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted therein or the

property owned by it therein makes such qualification necessary, except where such failure to qualify or be in good standing, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse effect.

Section 4.2. Authorization; Enforceability

The Transactions are within the corporate, partnership or other analogous powers of each of the Borrower and each Subsidiary party thereto and have been duly authorized by its Managing Person and, if required, by any other Person including holders of its Capital Stock. Each Loan Document has been validly executed and delivered by each Loan Party thereto and constitutes a legal, valid and binding obligation of each such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 4.3. Governmental Approvals; No Conflicts

The Transactions (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (ii) will not violate any applicable law, rule or regulation or any order of any Governmental Authority applicable to the Borrower or any Subsidiary, which violation would reasonably be expected to have a Material Adverse effect, (iii) will not violate the Organizational Documents of the Borrower or any Subsidiary, (iv) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any Subsidiary or their assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any Subsidiary which defaults or payments individually or in the aggregate would reasonably be expected to result in a Material Adverse effect, and (v) will not result in the creation or imposition of any Lien on any asset of the Borrower or any Subsidiary other than Permitted Liens.

Section 4.4. Financial Condition; No Material Adverse Change

(a) The Borrower has heretofore furnished to the Lender:

(i) a copy of its Form 10-K for the fiscal year ended December 31, 2001, containing the audited consolidated balance sheets of the Borrower and its consolidated Subsidiaries as of December 31, 2001 and December 31, 2000, and the related consolidated statements of income and stockholder's equity and cash flows for the periods then ended; and

(ii) the consolidating balance sheets of the Borrower and the Subsidiaries and the related consolidating statements of income, stockholders equity and cash flows as of and for the fiscal year ended December 31, 2001, certified by a Financial Officer.

Such financial statements present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of the Borrower and its Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the quarterly statements referred to above. Except as fully reflected in such financial statements, there are no material liabilities or obligations with respect to the Borrower or any Subsidiary of any nature whatsoever (whether absolute, contingent or otherwise and whether or not due) which are required by GAAP to be disclosed in such financial statements.

(b) Since December 31, 2001, except for the Transactions, each of the Borrower and each Subsidiary has conducted its business only in the ordinary course and there has been no Material Adverse change.

Section 4.5. Properties

(a) Except as set forth on Schedule 4.5, each of the Borrower and each Subsidiary has good and marketable title to, or valid leasehold interests in, all of its property, real and personal, material to its business, subject to no Liens, except Permitted Liens and except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Except as set forth on Schedule 4.5, each of the Borrower and each Subsidiary owns or is licensed to use all patents, trademarks, tradenames, copyrights and other intellectual property material to its business, and the use thereof by the Borrower or any Subsidiary does conflict with or infringe upon the valid rights of others, except for any such conflicts or infringements that individually or in the aggregate, would not reasonably be expected to result in a Material Adverse effect.

Section 4.6. Litigation

Except as set forth on Schedule 4.6, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority (whether purportedly on behalf of the Borrower or any Subsidiary) pending or, to the knowledge of the Borrower, threatened against the Borrower or any Subsidiary, or maintained by the Borrower or any Subsidiary or which may affect the property of the Borrower or any Subsidiary, (i) that, in the good faith opinion of the Borrower, would reasonably be expected to have an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse effect or (ii) that involve any of the Transactions.

Section 4.7. Environmental Matters

Except as set forth on Schedule 4.7 and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse effect, neither the Borrower nor any Subsidiary has (i) received written notice or otherwise learned of any claim, demand, action, event, condition, report

or investigation indicating or concerning any potential or actual liability which individually or in the aggregate would reasonably be expected to result in a Material Adverse effect, arising in connection with any non-compliance with or violation of the requirements of any applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Substance (as defined below) or to health and safety matters (collectively, "Environmental Laws"), (ii) to the best knowledge of the Borrower, any threatened or actual liability in connection with the release or threatened release of any Hazardous Substance into the environment which individually or in the aggregate would reasonably be expected to result in a Material Adverse effect, (iii) received notice of any federal or state investigation evaluating whether any remedial action is needed to respond to a release or threatened release of any Hazardous Substance into the environment for which the Borrower or any of its Subsidiaries is or would be liable, which liability would reasonably be expected to result in a Material Adverse effect, or (iv) has received notice that the Borrower or any of its Subsidiaries is or may be liable to any Person under any Environmental Law, which liability would reasonably be expected to result in a Material Adverse effect. Each of the Borrower and each of its Subsidiaries is in compliance with the financial responsibility requirements of Environmental Laws to the extent applicable, except in those cases in which the failure so to comply would not reasonably be expected to result in a Material Adverse effect. For purposes hereof, "Hazardous Substance" shall mean any hazardous or toxic substance, material, waste or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, radioactive materials or any other substance or waste regulated pursuant to any Environmental Law.

Section 4.8. Compliance with Laws and Agreements; No Default

Each of the Borrower and each Subsidiary is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse effect.

Section 4.9. Investment Companies and other Regulated Entities

None of the Borrower, any Subsidiary nor any Person controlled by, controlling, or under common control with, the Borrower or any Subsidiary, is (i) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, (ii) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935 or the Federal Power Act, as amended, or (iii) subject to any statute or regulation which prohibits or restricts the incurrence of Indebtedness for borrowed money, including statutes or regulations relative to common or contract carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

Section 4.10. Federal Reserve Regulations

(a) Neither the Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. After giving effect to the Transactions and the making of the Loans, Margin Stock will constitute less than 25% of the consolidated assets (as determined by any reasonable method) of the Borrower and the Subsidiaries.

(b) No part of the proceeds of the Loans will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of Regulation U or X.

Section 4.11. ERISA

Each Pension Plan is in compliance with ERISA and the Code, where applicable, in all material respects and no ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse effect. The present value of all accumulated benefit obligations under each Pension Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $0 the fair market value of the assets of such Pension Plan, and the present value of all accumulated benefit obligations of all underfunded Pension Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $0 the fair market value of the assets of all such underfunded Pension Plans.

Section 4.12. Taxes

Each of the Borrower and each Subsidiary has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid, or caused to be paid, all Taxes required to have been paid by it except (i) Taxes being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves, and (ii) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse effect.

Section 4.13. Subsidiaries

As of the Restatement Date, (i) the Borrower has only the Subsidiaries set forth on, and the authorized, issued and outstanding Capital Stock of the Borrower and the Subsidiaries and each Subsidiary's jurisdiction of incorporation or organization is as set forth on, Schedule 4.13, which Schedule identifies those Subsidiaries which are Material Foreign Subsidiaries and (ii) the ownership interests in each Subsidiary of the Borrower are duly authorized, validly issued, fully paid and nonassessable and are owned beneficially and of record by the Persons set forth on such Schedule 4.13, free and clear of all Liens (other than Permitted Liens). Except as set forth on Schedule 4.13, none of the Subsidiaries (other than the Excluded Subsidiaries) has issued any securities

convertible into, or options or warrants for, any common or preferred equity securities thereof and there are no agreements, voting trusts or understandings binding upon the Borrower or any Subsidiary (other than the Excluded Subsidiaries) with respect to the voting securities of the Borrower or any Subsidiary (other than the Excluded Subsidiaries) or affecting in any manner the sale, pledge, assignment or other disposition thereof, including any right of first refusal, option, redemption, call or other right with respect thereto, whether similar or dissimilar to any of the foregoing. None of the Excluded Subsidiaries (other than Bel Delaware LLC referred to in clause (i) of the definition thereof) is engaged in the active conduct of a trade or business or holds any assets (other than immaterial assets).

Section 4.14. Absence of Certain Restrictions

No indenture, certificate of designation for preferred stock, agreement or instrument to which the Borrower or any Subsidiary is a party (other than this Agreement), prohibits or limits in any way, directly or indirectly the ability of any Subsidiary to make Restricted Payments or loans to, to make any advance on behalf of, or to repay any Indebtedness to, the Borrower or to another Subsidiary.

Section 4.15. Labor Relations

As of the Restatement Date, there are no material controversies pending between the Borrower or any Subsidiary and its employees which might result in a Material Adverse effect.

Section 4.16. Insurance

Schedule 4.16 sets forth a description of all insurance maintained by or on behalf of the Borrower and the Subsidiaries as of the Restatement Date. As of the Restatement Date, all premiums in respect of such insurance that are due and payable have been paid.

Section 4.17. Financial Condition

On the Restatement Date and after giving affect to the consummation of the Transactions, neither the Borrower nor any Subsidiary Guarantor is Insolvent.

Section 4.18. Security Documents

(a) The Security Agreement is effective to create in favor of the Lender, a legal, valid and enforceable security interest in the Collateral (as defined in the Security Agreement) including the Pledged Securities (as defined in the Security Agreement) and, when (i) the pledged property constituting such Collateral is delivered to the Lender, (ii) the financing statements in appropriate form are filed in the offices specified on Schedule 3.1(a)(v) to the Security Agreement and (iii) all other applicable filings under the Uniform Commercial Code or otherwise that are required under the Loan Documents are made, the Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the grantors thereunder in such

Collateral (other than the Intellectual Property (as defined in the Security Agreement)), in each case prior and superior in right to any other Person, other than with respect to Liens expressly permitted by Section 7.2.

(b) Each Foreign Pledge Agreement, when executed and delivered as provided herein, will be effective to create in favor of the Lender, a legal, valid, binding and enforceable first ranking security interest on the collateral described therein as security for the Obligations. In the case of any Capital Stock pledged or charged to the Lender under a Foreign Pledge Agreement, when any share certificates representing such Capital Stock are delivered to the Lender together with a completed and executed stock transfer form (either executed in blank or in the name of the Lender) or with an effective transfer certificate, such Foreign Pledge Agreement shall constitute an equitable charge on all right, title and interest of the pledgor thereunder in such collateral, as security for the Obligations, prior and superior to the Lien or right of any other Person.

Section 4.19. No Misrepresentation

No certificate or report from time to time furnished by any of the Loan Parties in connection with the Transactions contains or will contain a misstatement of material fact, or omits or will omit to state a material fact required to be stated in order to make the statements therein contained not misleading in the light of the circumstances under which made, provided that any projections or pro-forma financial information contained therein are based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, it being recognized by the Lender that such projections as to future events are not to be viewed as facts, and that actual results during the period or periods covered thereby may differ from the projected results.

ARTICLE 5. CONDITIONS

Section 5.1. Restatement Date

The obligations of the Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.1):

(a) The Lender shall have received a certificate, dated the Restatement Date, of the Secretary or Assistant Secretary or other analogous counterpart of each Loan Party:

(i) attaching a true and complete copy of the resolutions of its Managing Person and of all other documents evidencing all necessary corporate, partnership or other action (in form and substance satisfactory to the Lender) taken to authorize the Loan Documents to which it is a party and the transactions contemplated thereby;

(ii) attaching a true and complete copy of its Organizational Documents;

(iii) setting forth the incumbency of its officer or officers (or other analogous counterpart) who may sign the Loan Documents, including therein a signature specimen of such officer or officers (or other analogous counterpart); and

(iv) attaching a certificate of good standing of the Secretary of State of the jurisdiction of its formation and of each other jurisdiction in which it is qualified to do business.

(b) The Lender (or Special Counsel) shall have received, in respect of each Person listed on the signature pages of this Agreement, either (i) a counterpart signature page hereof signed on behalf of such Person, or (ii) written evidence satisfactory to the Lender (which may include a facsimile transmission of a signed signature page of this Agreement) that a counterpart signature page hereof has been signed on behalf of such Person.

(c) The Lender shall have received the Note, dated the Restatement Date, duly executed by a duly authorized officer of the Borrower.

(d) The Lender shall have received a favorable opinion of Lowenstein, Sandler PC, special counsel to the Loan Parties, addressed to the Lender, dated the Restatement Date, and in form and substance satisfactory to the Lender.

(e) The Lender (or Special Counsel) shall have received a counterpart of the Security Agreement, dated the date hereof, signed by the Borrower and each other Loan Party thereto (or a facsimile of a signature page thereof signed by the Borrower) together with the following:

(i) any certificated securities representing shares of Capital Stock or other similar interests owned by or on behalf of any Loan Party constituting Collateral as of the Restatement Date after giving effect to the Transactions (to the extent not heretofore delivered to the Lender or subject to the provisions of Section 6.12);

(ii) any promissory notes and other instruments evidencing all loans, advances and other debt owed or owing to any Loan Party constituting Collateral as of the Restatement Date after giving effect to the Transactions;

(iii) stock powers and instruments of transfer, endorsed in blank, with respect to such certificated securities, promissory notes and other instruments;

(iv) all instruments and other documents, including UCC financing statements or amendments thereto, required by law or reasonably requested by the Lender to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Agreement; and

(v) results of a search of the UCC (or equivalent) filings made and tax and judgment lien searches with respect to the Loan Parties in the jurisdictions contemplated by the Security Agreement and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Lender that the Liens indicated by such financing statements (or similar documents) are permitted by Section 7.2 or have been released.

(f) PC Acquisition.

(i) Each of the conditions precedent contained in the PC Acquisition Documents to the consummation of the PC Acquisition shall have been satisfied (with no waiver of any condition thereof without the prior written consent of the Lender), and the PC Acquisition shall have been consummated in accordance with the terms of the PC Acquisition Documents (with no amendment, supplement or other modification to any term or provision contained therein without the prior written consent of the Lender) and all applicable laws, governmental policies, rules and regulations.

(ii) The Lender shall have received a court certified copy of the Approval Order, which shall be a Final Order and shall be satisfactory to the Lender.

(iii) The Lender shall have received a certificate, dated the Restatement Date and signed on the Borrower's behalf by the president, any vice president or other executive officer of the Borrower reasonably satisfactory to the Lender, (A) to each of the foregoing effects and (B) attaching a true, complete and correct copy of each PC Acquisition Document, which shall be in form and substance satisfactory to the Lender.

(g) All approvals and consents of all Persons required to be obtained in connection with the consummation of the Transactions have been obtained, all required notices have been given and all required waiting periods have expired and the Lender shall have received a certificate of an officer of the Borrower to such effect.

(h) The Lender shall have received a certificate, signed by a Financial Officer of the Borrower, in all respects reasonably satisfactory to the Lender, dated the Restatement Date:

(i) certifying that on the Restatement Date and after giving effect to the making of the Loans and the consummation of the Transactions (i) no Default shall have occurred or be continuing and (ii) the representations and warranties contained in the Loan Documents are true and correct;

(ii) certifying that the Borrower is in compliance with all covenants set forth in Section 7.14 on a pro-forma basis after giving effect to the Transactions and attaching a copy of a pro-forma consolidated balance sheet of the Borrower utilized for purposes of preparing such Compliance Certificate,

which pro-forma consolidated balance sheet presents the Borrower's good faith estimate of its pro-forma consolidated financial condition at the date thereof, after giving effect to the Transactions; and

(iii) setting forth the Leverage Ratio on the Restatement Date and after giving effect to the Transactions, including calculations in reasonable detail, provided, however, for purposes of calculating the Leverage Ratio, Consolidated EBITDA for the four quarters ended December 31, 2002 shall be used.

(i) The Lender shall have received all fees and other amounts due and payable to the Lender under the Loan Documents on or prior to the Restatement Date, including, to the extent invoiced, reimbursement or payment of the fees and disbursements of Special Counsel and all other out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(j) The Lender shall have received a Certificate of Dissolution of Bel Hybrids and Magnetics, Inc. certified by the Secretary of State of the State of Indiana.

(k) The Lender shall have received such other documents, each in form and substance reasonably satisfactory to it, as it shall reasonably request.

Section 5.2. Each Borrowing

The obligation of the Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in each Loan Document shall be true and correct on and as of the date of such Borrowing.

(b) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

(c) The Lender shall have received a Borrowing Request and such other documentation and assurances as shall be reasonably required by it in connection therewith.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE 6. AFFIRMATIVE COVENANTS

The Borrower agrees that (unless otherwise consented to in writing by the Lender pursuant to Section 9.1) until the Commitments have expired or been terminated and the principal of, and interest on the Loans, all Fees and all other amounts payable under the Loan Documents shall have been paid in full:

Section 6.1. Financial Statements and Information

The Borrower shall furnish or cause to be furnished to the Lender:

(a) within 90 days after the end of each fiscal year:

(i) a copy of the Borrower's Annual Report on Form 10-K in respect of such fiscal year, together with the financial statements required to be attached thereto, which statements above shall be audited and reported on by the Accountants (without (x) a "going concern" or like qualification or exception, (y) any qualification or exception as to the scope of such audit or (z) any exception or qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause the Borrower to be in default of any of its obligations under Section 7.14 (each, an "Impermissible Qualification")) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; and

(ii) a copy of its unaudited consolidating balance sheet and related unaudited statements of income, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidating basis in accordance with GAAP consistently applied, subject to the absence of footnotes, together with a schedule of other financial information consisting of consolidating or combining details in columnar form with such consolidating Subsidiaries separately identified, in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year:

(i) a copy of the Borrower's Quarterly Report on Form 10-Q in respect of such fiscal quarter, together with the financial statements required to be attached thereto; and

(ii) a copy of its unaudited consolidating balance sheet and related unaudited statements of income, and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidating basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the

absence of footnotes, together with a schedule of other financial information consisting of consolidating or combining details in columnar form with such consolidating Subsidiaries separately identified, in accordance with GAAP consistently applied;

(c) concurrently with any delivery of financial statements under subsections (a) or (b) above, a certificate (a "Compliance Certificate") signed by a Financial Officer of the Borrower, substantially in the form of Exhibit D, (i) certifying as to whether a Default has occurred and, if so, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 7.14, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 4.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such Compliance Certificate, (iv) listing the Subsidiary Guarantors as of the date of such Compliance Certificate, (v) either a certification that there has been no change to the information disclosed in the Schedules to the Security Agreement or, after the delivery of the first certification delivered pursuant to this subsection, as previously certified, or, if so, specifying all such changes, and certifying that all agreements, instruments, and other documents have been executed and delivered, and all further action (including the filing and recording of financing statements and other documents) has been taken, that may be necessary to cause the Collateral to become subject to a perfected Lien of the Lender under the applicable Loan Documents, with the priority required thereby;

(d) concurrently with any delivery of financial statements under subsections (a) or (b) above, a report of sales backlogs for major product lines as of the end of the relevant quarterly or annual period;

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the SEC or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be; and

(f) promptly following any request therefor, such other information regarding the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Lender may reasonably request.

Section 6.2. Notice of Material Events

The Borrower shall furnish to the Lender prompt written notice of the following together with a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and, if applicable, any action taken or proposed to be taken with respect thereto:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any Governmental Authority against or affecting the Borrower or any Subsidiary

that, if adversely determined, would in the good faith opinion of the Borrower reasonably be expected to result in a Material Adverse effect;

(c) any lapse, refusal to renew or extend or other termination of any material license, permit, franchise or other authorization issued to the Borrower or any Subsidiary by any Person or Governmental Authority, which lapse, refusal or termination, would reasonably be expected to result in a Material Adverse effect;

(d) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse effect; or

(e) the occurrence of any other development that has or would reasonably be expected to result in, a Material Adverse effect.

Section 6.3. Existence; Conduct of Business

The Borrower shall, and shall cause each Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect (i) its legal existence (provided that the foregoing shall not prohibit any merger, consolidation or dissolution not prohibited by Section 7.3), and (ii) all rights, licenses, permits, privileges and franchises the absence of which would reasonably be expected to have a Material Adverse effect.

Section 6.4. Payment of Obligations

The Borrower shall, and shall cause each Subsidiary to, pay and discharge when due, its obligations, including obligations with respect to Taxes, which, if unpaid, would reasonably be expected to result in a Material Adverse effect, except where (i) the validity or amount thereof is being contested in good faith by appropriate proceedings diligently conducted, (ii) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (iii) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse effect.

Section 6.5. Maintenance of Properties

The Borrower shall, and shall cause each Subsidiary to, maintain, protect and keep in good repair, working order and condition (ordinary wear and tear excepted) at all times, all of its property other than property, the loss of which would not reasonably be expected to have a Material Adverse effect.

Section 6.6. Insurance

The Borrower shall, and shall cause each Subsidiary to, maintain with financially sound and reputable insurance companies, in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption coverage) as are usually insured against in the same general area by

companies engaged in the same or a similar business, and furnish to the Lender, upon written request, full information as to the insurance carried.

Section 6.7. Books and Records: Inspection Rights

The Borrower shall, and shall cause each Subsidiary to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities and, at all reasonable times upon reasonable prior notice, permit representatives of the Lender to (i) visit the offices of the Borrower and each Subsidiary, (ii) examine such books and records and Accountants' reports relating thereto, (iii) make copies or extracts therefrom, (iv) discuss the affairs of the Borrower and each such Subsidiary with the respective officers thereof, (v) examine and inspect the property of the Borrower and each such Subsidiary and (vi) meet and discuss the affairs of the Borrower and each such Subsidiary with the Accountants.

Section 6.8. Compliance with Laws

The Borrower shall, and shall cause each Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse effect.

Section 6.9. Additional Subsidiaries

In the event that on or after the Restatement Date, any Person (other than the Excluded Subsidiaries) shall become a Domestic Subsidiary or any Excluded Subsidiary shall cease to be an Excluded Subsidiary, the Borrower shall (i) notify the Lender in writing thereof within three Business Days thereof, (ii) cause such Person to execute and deliver to the Lender a Guarantee Supplement and to become a party to each applicable Security Document in the manner provided therein within five Business Days thereafter and to promptly take such actions to create and perfect Liens on such Person's assets to secure such Person's obligations under the Loan Documents as the Lender shall reasonably request, (iii) cause any shares of Capital Stock of such new Domestic Subsidiary or such former Excluded Subsidiary owned by or on behalf of any Loan Party to be pledged pursuant to the Security Agreement within five Business Days thereafter, (iv) cause each such new Domestic Subsidiary or such former Excluded Subsidiary to deliver to the Lender any shares of Capital Stock of any DOMESTIC Subsidiary owned by or on behalf of such new Domestic Subsidiary within five Business Days after such Subsidiary is formed or acquired or ceases to be an Excluded Subsidiary and (v) cause each such Domestic Subsidiary or such former Excluded Subsidiary which owns Capital Stock in a Material Foreign Subsidiary, to enter into a Foreign Pledge Agreement with respect thereto within 30 days of the acquisition thereof or the relevant Foreign Subsidiary becoming a Material Foreign Subsidiary and to take such other actions as may be required by the Lender in order that the Lender have a first priority security interest in not less than 65% of the Capital Stock thereof; (iv) deliver to the Lender such additional financing statements, certificates, instruments and opinions (including opinions of foreign counsel) as the Lender may request.

Section 6.10. Additional Collateral

If after the Restatement Date, the Borrower or any other Loan Party acquires any property which would constitute Collateral, the Borrower shall, and shall cause each such Loan Party to, execute any and all documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, and other documents), that may be required under any applicable law, or which the Lender may reasonably request, to effectuate the Transactions or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties.

Section 6.11. Maintenance of Licenses

The Borrower shall do, and cause each Subsidiary to do, all things necessary, to renew, extend and continue in effect all permits, licenses and authorizations which may at any time and from time to time be necessary to operate the business of the Borrower and the Subsidiaries in compliance with all applicable laws and regulations, the failure to comply with which would reasonably be expected to have a Material Adverse effect.

Section 6.12. Pledge of Stock in Material Foreign Subsidiaries

No later than the 60th day after the Restatement Date, the Borrower shall execute and deliver, and cause each applicable Subsidiary Guarantor to execute and deliver, Foreign Pledge Agreements with respect to not less than 65% of the Capital Stock of each Person that was a Material Foreign Subsidiary on the Restatement Date and deliver together with each such Foreign Pledge Agreement certificates evidencing the pledged Capital Stock with appropriate instruments of transfer, an opinion of foreign counsel to the Borrower or such Subsidiary Guarantor, in form and substance satisfactory to the Lender, and such other documents, certificates and instruments as the Lender shall request.

ARTICLE 7. NEGATIVE COVENANTS

The Borrower agrees that (unless otherwise consented to in writing by the Lender pursuant to Section 9.1) until the Commitments have expired or been terminated and the principal of, and interest on the Loans, all Fees and all other amounts payable under the Loan Documents shall have been paid in full:

Section 7.1. Indebtedness

The Borrower shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any liability for Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of the Borrower or any Subsidiary existing on the Restatement Date as set forth on Schedule 7.1, and any extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) Indebtedness of the Borrower to any Subsidiary or of any Subsidiary to the Borrower or any other Subsidiary (other than an Excluded Subsidiary), provided that:

(i) all Indebtedness of the Borrower or any Subsidiary Guarantor to any Non-Guarantor Subsidiary shall be subordinated in a manner in all respects acceptable to the Lender, which acceptance shall not be unreasonably withheld, and

(ii) immediately after giving effect to any Indebtedness of any Non-Guarantor Subsidiary to the Borrower or any Subsidiary Guarantor, the sum of, without duplication, the following (at any time, the "Intercompany Transaction Amount") shall not exceed $250,000: (A) the aggregate outstanding principal balance of all such Indebtedness permitted by Section 7.1(c), plus (B) the aggregate amount of all Guarantees of the Borrower or any Subsidiary Guarantor permitted by Section 7.1(d) in respect of Indebtedness of any Non-Guarantor Subsidiary, plus (C) the aggregate fair market value of all consideration paid by the Borrower or any Subsidiary Guarantor on or after the Restatement Date to any Non-Guarantor Subsidiary in connection with any one or more of the following: (1) each sale, assignment, lease, transfer or other disposition permitted by Section 7.6(iv) (including each merger permitted by Section 7.3(b) which shall be treated as such), (2) each Acquisition permitted by Section 7.5(b) (including each merger permitted by Section 7.3(b) which shall be treated as such), (3) each Investment permitted by Section 7.4(c), and (4) each Restricted Payment permitted by Section 7.7;

(d) Guarantees of the Borrower in respect of Indebtedness of any Subsidiary and Guarantees of any Subsidiary in respect of Indebtedness of the Borrower or any other Subsidiary in each case to the extent such Indebtedness is permitted by this Section 8.1, provided that, with respect to Guarantees of the Borrower or any Subsidiary Guarantor in respect of Indebtedness of any Non-Guarantor Subsidiary, (i) such Guarantees shall be subordinated in a manner in all respects acceptable to the Lender, which acceptance shall not be unreasonably withheld, and (ii) immediately after giving effect thereto, the Intercompany Transaction Amount shall not exceed $250,000; and

(e) Indebtedness of (i) the Hong Kong Subsidiary in respect of an unsecured line of credit in an amount not to exceed $2,000,000, (ii) Indebtedness of the Borrower under lines of credit extended by Trust Company of New Jersey in an amount not in excess of $1,000,000, and (iii) without duplication, the Borrower's Guarantee of each thereof.

Section 7.2. Negative Pledge

The Borrower shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except for the following (collectively, "Permitted Liens"):

(a) any Customary Lien;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the Restatement Date and set forth on Schedule 7.2, provided that (i) such Lien shall not apply to any property or asset of the Borrower or any Subsidiary other than the property and assets referred to in Schedule 7.2 and (ii) such Lien shall secure only those obligations which it secures on the Restatement Date and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; and

(c) Liens securing Capital Lease Obligations and Liens on property (including, in the event such property constitutes Capital Stock of a newly acquired Subsidiary, Liens on the property of such Subsidiary) acquired after the Restatement Date and either existing on such property when acquired, or created contemporaneously with such acquisition, to secure the payment or financing of the purchase price thereof, provided that such Liens attach only to the property so purchased or acquired and, provided further, that the Indebtedness secured by such Liens is permitted by Section 7.1(f).

Section 7.3. Fundamental Changes

The Borrower shall not, and shall not permit any Subsidiary, to consolidate or merge into or with any other Person, or permit any other Person to merge into or consolidate with it or any of the Subsidiaries, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of any class of the Capital Stock of any of the Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, or permit any Subsidiaries to do any of the foregoing, except that, so long as immediately before and after giving effect thereto, no Default shall or would exist:

(a) any Non-Guarantor Subsidiary may merge with any other Non-Guarantor Subsidiary;

(b) any Non-Guarantor Subsidiary may merge with any Subsidiary Guarantor, and any Subsidiary Guarantor may merge with any Non-Guarantor Subsidiary, provided that, (i) immediately after giving effect to any such merger in which such Subsidiary Guarantor is the survivor, the Intercompany Transaction Amount shall not exceed $250,000, and such merger shall be treated as an Acquisition for all purposes of Section 7.5(b) or 7.5(c), as the case may be, and (ii) with respect to any merger in

which such Subsidiary Guarantor is not the survivor, such merger shall be treated as a sale, assignment, transfer or other disposition for all purposes of Section 7.6(iv);

(c) the Borrower and any Subsidiary may make any sale, assignment, transfer or other disposition permitted by Section 7.6(iv); and

(d) any Non-Guarantor Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lender.

Section 7.4. Investments, Loans, Advances and Guarantees

The Borrower shall not, and shall not permit any Subsidiary to, at any time, purchase or otherwise acquire (including pursuant to any merger with any Person that was not a Wholly Owned Subsidiary of the Borrower prior to such merger), hold or invest in any Capital Stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing and any derivative product) of, make or permit to exist any loans to or advances on behalf of, incur any Guarantees in respect of any obligations of, or make or permit to exist any investment or any other interest in, any other Person (all of which are sometimes referred to herein as "Investments"), except:

(a) Investments in Cash Equivalents and in normal business banking accounts or issued by federally insured institutions in amounts not exceeding the limits of such insurance;

(b) Investments existing on the Restatement Date as set forth on Schedule 7.4;

(c) Investments by the Borrower in any Subsidiary and Investments by any Subsidiary in the Borrower or any other Subsidiary, provided that (i) the proceeds of such Investment in the Borrower or any Subsidiary Guarantor shall be received by the Borrower or such Subsidiary Guarantor, as the case may be, and (ii) immediately after giving effect to each Investment by the Borrower or any Subsidiary Guarantor in any Non-Guarantor Subsidiary, the Intercompany Transaction Amount shall not exceed $250,000;

(d) Acquisitions permitted by Section 7.5;

(e) Investments in marketable securities (other than Cash Equivalents) in an amount not in excess of $50,000 in the aggregate;

(f) Guarantees permitted by Section 7.1 and Secured Hedging Agreements permitted by Section 7.8; and

(g) Unconsolidated Investments made on or after the Restatement Date, provided that, (i) immediately before and after giving effect thereto, no Default shall or would exist, (ii) immediately after giving effect thereto, all of the representations

and warranties contained in the Loan Documents shall be true and correct with the same effect as though then made, (iii) the Person in which such Unconsolidated Investment is made is engaged in the Line of Business, and (iv) the aggregate amount of all such Unconsolidated Investments does not exceed an amount (not less than zero) equal to $10,000,000 minus the Acquisition Consideration paid by the Borrower or any Subsidiary in respect of all Acquisitions made on or after the Restatement Date and on or before the date of the making of such Unconsolidated Investment.

Section 7.5. Acquisitions

The Borrower shall not, and shall not permit any Subsidiary to, at any time, make any purchase or other acquisition (whether in a single transaction or in a series of related transactions) of (i) any assets of any other Person that, taken together, constitute a business unit, (ii) any Capital Stock of any other Person if, immediately thereafter, such other Person would be a Subsidiary of the Borrower, (iii) any assets of any other Person otherwise not in the ordinary course of business, (iv) enter into any binding agreement to perform any transaction described in clauses (i), (ii) or (iii) above which is not contingent on obtaining the consent of the Lender (each transaction described in clauses (i), (ii), (iii) and (iv) above being referred to as an "Acquisition"), or (v) make any deposit in connection with any potential Acquisition, except:

(a) Acquisitions of Investments permitted by Section 7.4;

(b) Acquisitions by the Borrower or any Subsidiary from any other Subsidiary and Acquisitions by any Subsidiary from the Borrower or any other Subsidiary, provided that, immediately after giving effect to any Acquisition between a Loan Party, as purchaser, and a Non-Guarantor Subsidiary, as seller, the Intercompany Transaction Amount shall not exceed $250,000;

(c) other Acquisitions, provided that the sum (the "Acquisition Consideration") of (i) the cash consideration paid or agreed to be paid in connection with all such Acquisitions, plus (ii) the fair market value of all noncash consideration paid or agreed to be paid in connection with all such Acquisitions, plus (iii) an amount equal to the principal or stated amount of all liabilities assumed or incurred in connection therewith shall not exceed $20,000,000 minus the amount expended in connection with the making of Unconsolidated Investments on or after the Restatement Date and on or before the date of the making of such Acquisition, provided further that the Acquisition Consideration in respect of any Acquisition shall not exceed $10,000,000, and provided further that:

(i) immediately before or after giving effect to each such Acquisition, no Default shall or would exist, and immediately after giving effect thereto, all of the representations and warranties contained in the Loan Documents shall be true and correct with the same effect as though then made,

(ii) the Person or business acquired is engaged in the Line of Business,

(iii) the Borrower or Subsidiary Guarantor making the Acquisition shall have complied with the provisions of Sections 6.9 and 6.10, and

(iv) the Borrower shall have delivered to the Lender (1) notice thereof not less than ten days prior to the consummation of such Acquisition, and (2) a certificate of a Financial Officer thereof, in all respects reasonably satisfactory to the Lender and dated the date of such consummation, certifying that no Default has occurred and is continuing, and setting forth reasonably detailed calculations demonstrating compliance with Section 7.14 on a pro-forma basis (after giving effect to such Acquisition and based on the most recent financial statements delivered pursuant to Section 6.1) and such other information, documents and other items as the Lender shall have reasonably requested; and

(d) Subject to the conditions set forth in Section 5.1, the PC Acquisition.

Section 7.6. Dispositions

The Borrower shall not, and shall not permit any Subsidiary to, sell, assign, lease, transfer or otherwise dispose of any property or assets, except: (i) sales of inventory in the ordinary course of business, (ii) sales, assignments, transfers or other dispositions of any property or assets that, in the reasonable opinion of the Borrower or such Subsidiary, as the case may be, are obsolete or no longer useful in the conduct of its business, (iii) sales or other dispositions of Cash Equivalents and Investments permitted by Section 7.4(e); and (iv) sales, assignments, transfers or other dispositions of any property or assets by the Borrower to any Subsidiary or by any Subsidiary to the Borrower or any other Subsidiary, provided that, immediately after giving effect to any such transaction between a Loan Party and a Non-Guarantor Subsidiary, the Intercompany Transaction Amount shall not exceed $250,000.

Section 7.7. Restricted Payments

The Borrower shall not, and shall not permit any Subsidiary to, declare, pay or make any dividend or other distribution, direct or indirect, on account of any Capital Stock issued by such Person now or hereafter outstanding (other than a dividend payable solely in shares or other units of Capital Stock of such Person) or any redemption, retirement, sinking fund or similar payment, purchase or other acquisition, direct or indirect, of any shares of any class of its Capital Stock now or hereafter outstanding (collectively, "Restricted Payments"), except:

(a) Restricted Payments made by any Subsidiary to the Borrower or other Subsidiary, provided that, (i) immediately before and after giving effect thereto, no Default shall or would exist, and (ii) in the case of a Restricted Payment made by a Loan Party to a Non-Guarantor Subsidiary, immediately after giving effect thereto, the Intercompany Transaction Amount shall not exceed $250,000; and

(b) repurchases of Capital Stock of the Borrower from participants or beneficiaries of qualified employee benefit plans in the ordinary course of the operation of such plans, provided that immediately before and after giving effect thereto, no Default shall or would exist.

Section 7.8. Hedging Agreements

The Borrower shall not, and shall not permit any Subsidiary to, enter into any Hedging Agreements, other than Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities.

Section 7.9. Sale and Lease-Back Transactions

The Borrower shall not, and shall not permit any Subsidiary to, enter into an arrangement with any Person or group of Persons providing for the renting or leasing by the Borrower or any Subsidiary of any property or asset which has been or is to be sold or transferred by the Borrower or any Subsidiary to any such Person.

Section 7.10. Lines of Business

The Borrower shall not, and shall not permit any Subsidiary to, engage in any business other than the Line of Business.

Section 7.11. Transactions with Affiliates

The Borrower shall not, and shall not permit any Subsidiary to, become a party to any transaction with an Affiliate, unless the Borrower's or such Subsidiary's Managing Person shall have determined that the terms and conditions relating thereto are as favorable to the Borrower or such Subsidiary as those which would be obtainable at the time in a comparable arms-length transaction with a Person other than an Affiliate.

Section 7.12. Use of Proceeds

The Borrower shall not use the proceeds of the Loans for any purpose other than to (i) pay all of the Fees due hereunder, (ii) pay the reasonable out-of-pocket fees and expenses incurred by the Borrower in connection with the Loan Documents, (iii) for the Borrower's general corporate purposes not inconsistent with the provisions hereof and (iv) with respect to the proceeds of the Term Loan, to finance the PC Acquisition, provided, however, that no part of such proceeds will be used, directly or indirectly, (x) for a purpose which violates any law, including the provisions of Regulation T, U or X or (y) to fund a personal loan to or for the benefit of a director or executive officer of a Borrower or any Subsidiary.

Section 7.13. Restrictive Agreements

The Borrower shall not, and shall not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that

prohibits, restricts or imposes any condition upon (i) the ability of the Borrower or any such Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (ii) the ability of any such Subsidiary to pay dividends or other distributions with respect to any shares of its Capital Stock or to make or repay loans or advances to the Borrower or any other Subsidiary of the Borrower or to Guarantee Indebtedness of the Borrower or any other Subsidiary of the Borrower, provided that the foregoing shall not apply to restrictions and conditions imposed by applicable law or by the Loan Documents.

Section 7.14. Financial Covenants

(a) Liquidity Ratio. The Borrower shall not permit the Liquidity Ratio to be less than 1.00:1.00 at any time.

(b) Minimum Consolidated Tangible Net Worth. The Borrower shall not permit Consolidated Tangible Net Worth to be less than, as of the last day of any fiscal quarter, an amount equal to $117,203,000 plus the sum for each fiscal quarter ending after the Restatement Date of 50% of the net income, if positive, of the Borrower and its Subsidiaries on a consolidated basis for each such fiscal quarter plus an amount equal to 75% of the net proceeds of any issuance of equity by the Borrower.

(c) Fixed Charge Ratio. The Borrower shall not permit the Fixed Charge Ratio as of the last day of any fiscal quarter to be less than 1.25:1.00.

(d) Leverage Ratio. The Borrower shall maintain at all times a Leverage Ratio of less than or equal to 2.50:1.00.

Section 7.15. Excluded Subsidiaries

The Borrower shall not permit any Excluded Subsidiary (other than Bel Delaware LLC referred to in clause (i) of the definition thereof) to engage in the active conduct of a trade or business or hold any assets (other than immaterial assets).

ARTICLE 8. DEFAULTS

Section 8.1. Events of Default

The following shall each constitute an "Event of Default" hereunder:

(a) the failure of the Borrower to make any payment of principal on the Loans when due and payable; or

(b) the failure of the Borrower to make any payment of interest, Fees, expenses or other amounts payable under any Loan Document or otherwise to the Lender with respect to the loan facilities established hereunder within three Business Days of the date when due and payable; or

(c) the failure of the Borrower to observe or perform any covenant or agreement contained in Section 6.3(i), 6.9, 6.10, 6.12 or Article 7; or

(d) the failure of any Loan Party to observe or perform any other term, covenant, or agreement contained in any Loan Document to which it is a party and such failure shall have continued unremedied for a period of 30 days after such Loan Party shall have obtained knowledge thereof; or

(e) any representation or warranty made by the Borrower or any Subsidiary (or by an officer thereof on its behalf) in any Loan Document or in any certificate, report, opinion (other than an opinion of counsel) or other document delivered or to be delivered pursuant thereto, shall prove to have been incorrect or misleading (whether because of misstatement or omission) in any material respect when made; or

(f) the failure of the Borrower to make any payment when due or within any grace period, or the failure of the Borrower or any Subsidiary to make any payment (whether of principal or interest and regardless of amount) in respect of Material Liabilities when due or within any grace period for the payment thereof; or

(g) any event or condition occurs that results in any Material Liability becoming or being declared to be due and payable prior to the scheduled maturity thereof, or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Liability or any trustee or agent on its or their behalf to cause any Material Liability to be due and payable, or to require the prepayment, repurchase, redemption or defeasance thereof, in each case prior to the scheduled maturity thereof (in each case after giving effect to any applicable grace period), provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the properly or assets securing such Indebtedness; or

(h) the Borrower or any Material Subsidiary shall (i) suspend or discontinue its business (except to the extent permitted by Section 6.3), (ii) make an assignment for the benefit of creditors, (iii) generally not be paying its debts as such debts become due, (iv) admit in writing its inability to pay its debts as they become due, (v) file a voluntary petition in bankruptcy, (vi) become insolvent (however such insolvency shall be evidenced), (vii) file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, (viii) petition or apply to any tribunal for any receiver, custodian or any trustee for any substantial part of its property, (ix) be the subject of any such proceeding filed against it which remains undismissed for a period of 45 days, (x) file any answer admitting or not contesting the material allegations of any such petition filed against it or any order, judgment or decree approving such petition in any such proceeding, (xi) seek, approve, consent to, or acquiesce in any such proceeding, or in the appointment of any trustee, receiver, sequestrator, custodian, liquidator, or fiscal agent for it, or any substantial part of its property, or an order is entered appointing any such trustee, receiver, custodian, liquidator or fiscal agent and such order remains in effect for 45 days, or (xii) take any

formal action for the purpose of effecting any of the foregoing or looking to the liquidation or dissolution of the Borrower or such Material Subsidiary; or

(i) an (i) order or decree is entered by a court having jurisdiction (A) adjudging the Borrower or any Material Subsidiary bankrupt or insolvent, (B) approving as properly filed a petition seeking reorganization, liquidation, arrangement, adjustment or composition of or in respect of the Borrower or any Material Subsidiary under the bankruptcy or insolvency laws of any jurisdiction, (C) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or any Material Subsidiary or of any substantial part of the property of any thereof, or (D) ordering the winding up or liquidation of the affairs of the Borrower or any Material Subsidiary, and any such decree or order continues unstayed and in effect for a period of 45 days or (ii) order for relief against the Borrower or any Material Subsidiary is entered under the bankruptcy or insolvency laws of any jurisdiction; or

(j) judgments or decrees against the Borrower or any Subsidiary aggregating in excess of $100,000 (unless adequately insured by a solvent unaffiliated insurance company which has acknowledged coverage) shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 30 days; or

(k) any Loan Document shall cease, for any reason, to be in full force and effect (other than in accordance with its terms), or any Loan Party shall so assert in writing or shall disavow any of its obligations thereunder; or

(l) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on, and security interest in, any Collateral, with the priority required by the applicable Security Document; or

(m) an ERISA Event shall have occurred that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in liability of the Borrower and the Subsidiaries which would, individually or in the aggregate, have a Material Adverse effect; or

(n) the occurrence of a Change of Control.

Section 8.2. Contract Remedies

(a) Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof,

(i) in the case of an Event of Default specified in Section 8.1(h) or 8.1(i), without declaration or notice to the Borrower, the Loans, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall immediately become due and payable, and

(ii) in all other cases the Lender may, by notice to the Borrower, declare the Loans, all accrued and unpaid interest thereon and all other

amounts owing under the Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable.

In the event that the Loans, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall have been declared due and payable pursuant to the provisions of this Section 8.2, the Lender may (A) proceed to enforce its rights under the Loan Documents by suit in equity, action at law and/or other appropriate proceedings, whether for payment or the specific performance of any covenant or agreement contained in the Loan Documents and (B) exercise any and all rights and remedies provided to the Lender by the Loan Documents. Except as otherwise expressly provided in the Loan Documents, the Borrower expressly waives presentment, demand, protest and all other notices of any kind in connection with the Loan Documents. The Borrower hereby further expressly waives and covenants not to assert any appraisement, valuation, stay, extension, redemption or similar laws, now or at any time hereafter in force which might delay, prevent or otherwise impede the performance or enforcement of any Loan Document.

(b) In the event that the Loans, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall have been declared due and payable pursuant to the provisions of this Section 8.2, any funds received by the Lender from or on behalf of the Borrower shall be remitted to, and applied by, the Lender in the following manner and order:

(i) first, to reimburse the Lender for any expenses due from the Borrower pursuant to the provisions of Section 9.4,

(ii) second, to the payment of the Fees due and owing the Lender,

(iii) third, to the payment of any other fees, expenses or other amounts (other than the principal of and interest on the Loans) payable by the Loan Parties to the Lender under the Loan Documents,

(iv) fourth, to the payment of interest due on the Loans,

(v) fifth, to the payment to the Lender of the unpaid principal amount of the Loans and each amount then due and payable under each Secured Hedging Agreement, and

(vi) sixth, any remaining funds shall be paid to the Borrower or as a court of competent jurisdiction shall direct.

ARTICLE 9. OTHER PROVISIONS

Section 9.1. Amendments and Waivers

Notwithstanding anything to the contrary contained in any Loan Document, the Lender and the appropriate parties to the Loan Documents may from time

to time enter into written amendments, supplements or modifications thereof, and the Lender may execute and deliver to any such parties a written instrument waiving or consenting to the departure from, on such terms and conditions as the Lender may specify in such instrument, any of the requirements of the Loan Documents or any Default or Event of Default and its consequences. Any such amendment, supplement, modification, waiver or consent shall be binding upon the parties to the applicable agreement, the Lender and all future holders of the Loans. In the case of any waiver, the parties to the applicable agreement and the Lender shall be restored to their former position and rights hereunder and under the Loan Documents, and any Default waived shall not extend to any subsequent or other Default, or impair any right consequent thereon.

Section 9.2. Notices

All notices, requests and demands to or upon the respective parties to the Loan Documents to be effective shall be in writing and, unless otherwise expressly provided therein, shall be deemed to have been duly given or made when delivered by hand, one Business Day after having been sent by overnight courier service, two Business Days after having been deposited in the mail, first-class postage prepaid, or, in the case of notice by facsimile, when sent, to the last address (including telephone and facsimile numbers) for such party specified by such party in a written notice delivered to the Lender and the Borrower or, if no such written notice was so delivered, as follows:

(a) in the case of any Loan Party, to such Loan Party c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, NJ 07302; Attention: Colin Dunn, Vice President-Finance, Telephone: (201) 432-0463; Facsimile (201) 432-9542; and

(b) in the case of the Lender, to The Bank of New York, 385 Rifle Camp Road, West Paterson, NJ 07424; Attention: Thomas Sweeney, Vice President; Telephone: (973) 357-7753, Facsimile (973) 357-7705;

provided, however, that any notice, request or demand by the Borrower pursuant to Sections 2.2 or 3.3 shall not be effective until received. Any party to a Loan Document may rely on signatures of the parties thereto which are transmitted by facsimile or other electronic means as fully as if originally signed.

Section 9.3. Survival

All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of the Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder.

Section 9.4. Expenses; Indemnity

(a) The Borrower agrees, on demand therefor and whether the Loans are made to pay or reimburse the Lender (i) for all reasonable out-of-pocket expenses incurred thereby, including the reasonable fees, charges and disbursements of counsel, in connection with the development, preparation, execution and administration of, the Loan Documents (including any amendment, supplement or other modification thereto (whether or not executed or effective)), any documents prepared in connection therewith and the consummation of the transactions contemplated thereby and (ii) for all of its costs and expenses, including reasonable fees and disbursements of counsel, incurred in connection with (A) the protection or enforcement of its rights under the Loan Documents, including any related collection proceedings and any negotiation, restructuring or "work-out", and (B) the enforcement of this Section.

(b) The Borrower shall, on demand therefor, indemnify the Lender and each of its Related Parties (each, an "Indemnified Person") against, and hold each Indemnified Person harmless from, any and all losses, claims, damages, penalties, liabilities and related expenses, including the fees, charges and disbursements of any counsel, incurred by or asserted against any Indemnified Person in connection with or in any way arising out of any Loan Document, any other Transaction Document or any Transaction, including as a result of (i) any breach by the Borrower of the terms of any Loan Document, the use of proceeds of the Loans or any action or failure to act on the part of the Borrower, (ii) the consummation or proposed consummation of the Transactions or any other transactions contemplated hereby, (iii) the Loans or the use of the proceeds therefrom, (iv) any actual or alleged presence or release of Hazardous Substance on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any liability in respect of any Environmental Law related in any way to the Borrower or any of its Subsidiaries, (v) any action or failure to act on the part of the Borrower or (vi) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnified Person is a party thereto (collectively, the "Indemnified Liabilities"), provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence or willful misconduct of such Indemnified Person.

(c) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnified Person for any special, indirect, consequential or punitive damages (whether accrued and whether known or suspected to exist in its favor) arising out of, in connection with, or as a result of, the Loan Documents, the transactions contemplated thereby or the Loans or the use of the proceeds thereof.

Section 9.5. Successors and Assigns

(a) The Loan Documents shall be binding upon and inure to the benefit of each of the parties thereto, all future holders of the Loans, and their respective

successors and assigns, except that no Loan Party may assign, delegate or transfer any of its rights or obligations under the Loan Documents (other than in connection with a dissolution or a transaction involving a merger or consolidation, in each case otherwise permitted by this Agreement) without the prior written consent of the Lender.

(b) In addition to its rights under Section 9.5(d), the Lender shall have the right to sell, assign, transfer or negotiate one hundred percent of its rights and obligations under the Loan Documents to any subsidiary or affiliate of the Lender or to any other bank, insurance company, financial institution, pension fund, mutual fund or other similar fund, provided that (i) unless the assignee is a subsidiary or affiliate of the Lender (in which case no claims may be made by such assignee pursuant to Section 3.5, 3.6 or 3.7, in each case except to the extent that the Lender would otherwise have the right to do so), the Borrower shall have consented thereto in writing (which consent shall not be unreasonably withheld or delayed and shall not be required upon the occurrence and during the continuance of an Event of Default) and (ii) the Lender and such assignee shall execute and deliver an assignment and acceptance agreement and cause one photocopy thereof, as executed, to be delivered to the Borrower. From and after the effective date specified in such assignment and acceptance agreement, the assignee thereunder shall be a party hereto and shall, for all purposes of this Agreement and the other Loan Documents, be deemed the "Lender", and the assignor thereunder shall be released from its obligations under this Agreement and the other Loan Documents.

(c) The Lender may grant participations in all or any part of its rights under the Loan Documents to one or more Persons, provided that (i) the Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties to this Agreement and the other Loan Documents for the performance of such obligations, and (iii) the Borrower shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement and the other Loan Documents. The Borrower agrees that each participant shall be entitled to the benefits of Sections 3.5, 3.6 and 3.7 to the same extent as if it were the Lender and had acquired its interest by assignment pursuant to Section 9.5(b), provided, however, that (A) no participant shall be entitled to receive any greater payment under such Sections than the Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with the Borrower's prior written consent, and (B) no participant that is organized under the laws of any jurisdiction other than the United States or any political subdivision thereof shall be entitled to the benefits of Section 3.7, unless the Borrower is notified of the participation sold to such participant and such participant agrees, for the benefit of the Borrower, to comply with Section 3.7 as thought it were the Lender. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 2.3(b) as though it were the Lender.

(d) The Lender may at any time or from time to time assign all or any portion of its rights under the Loan Documents to a Federal Reserve Bank, provided that any such assignment shall not release such assignor from its obligations thereunder.

Section 9.6. Counterparts; Integration

Each Loan Document (other than the Note) may be executed by one or more of the parties thereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same document. It shall not be necessary in making proof of any Loan Document to produce or account for more than one counterpart signed by the party to be charged. Delivery of an executed counterpart of a signature page of any Loan Document by facsimile shall be effective as delivery of a manually executed counterpart of such Loan Document. The Loan Documents and any separate letter agreements between the Borrower and the Lender with respect to fees embody the entire agreement and understanding among the Loan Parties and the Lender with respect to the subject matter thereof and supersede all prior agreements and understandings among the Loan Parties and the Lender with respect to the subject matter thereof.

Section 9.7. Severability

Every provision of the Loan Documents is intended to be severable, and if any term or provision thereof shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions thereof shall not be affected or impaired thereby, and any invalidity, illegality or unenforceability in any jurisdiction shall not affect the validity, legality or enforceability of any such term or provision in any other jurisdiction.

Section 9.8. GOVERNING LAW

THE LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 9.9. Jurisdiction; Service of Process

Each party to a Loan Document hereby irrevocably submits to the nonexclusive jurisdiction of any New York State or Federal court sitting in the County of New York over any suit, action or proceeding arising out of or relating to the Loan Documents. Each party to a Loan Document hereby irrevocably waives, to the fullest extent permitted or not prohibited by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. Each Loan Party hereby agrees that a final judgment in any such suit, action or proceeding brought in such a court, after all appropriate appeals, shall be conclusive and binding upon it and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to Loan Documents against the Borrower or its properties in the courts of any jurisdiction. Each party to a Loan Document hereby irrevocably

consents to service of process in the manner provided for notices in Section 9.2. Nothing in this Agreement will affect the right of any party to a Loan Document to serve process in any other manner permitted by law.

Section 9.10. WAIVER OF TRIAL BY JURY

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

Section 9.11. Savings Clause

(a) This Agreement is intended solely as an amendment of, and contemporaneous restatement of, the terms and conditions of the Original Credit Agreement, and this Agreement is not intended and should not be construed as in any way extinguishing or terminating the Original Credit Agreement. The Security Documents, each to the extent amended as provided herein, shall remain in full force and effect and continue to secure the Obligations as set forth therein.

(b) Nothing in this Agreement shall affect the rights of the Lender to payments for the period prior to the Restatement Date and such rights shall continue to be governed by the provisions of the Original Credit Agreement.

ARTICLE 10. SUBSIDIARY GUARANTEE

The Subsidiary Guarantors agree that until the principal of, and interest on, the Loans, all Fees and all other amounts payable under the Loan Documents shall have been paid in full:

Section 10.1. Guarantee

(a) Subject to Section 10.1(b), each Subsidiary Guarantor hereby absolutely, irrevocably and unconditionally guarantees the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the Borrower Obligations. The agreements of each Subsidiary Guarantor under this Article 10 constitute a guarantee of payment, and the Lender shall not have any obligation to enforce any Loan Document or exercise any right or remedy with respect to any collateral security thereunder by any action, including making or perfecting any claim against any

Person or any collateral security for any of the Borrower Obligations prior to being entitled to the benefits of this Agreement. The Lender may, at its option, proceed against the Subsidiary Guarantors, or any one or more of them, in the first instance, to enforce the Guarantor Obligations without first proceeding against the Borrower or any other Person, and without first resorting to any other rights or remedies, as the Lender may deem advisable. In furtherance hereof, if the Lender is prevented by law from collecting or otherwise hindered from collecting or otherwise enforcing any Borrower Obligation in accordance with its terms, the Lender shall be entitled to receive hereunder from the Subsidiary Guarantors after demand therefor, the sums that would have been otherwise due had such collection or enforcement not been prevented or hindered.

(b) Notwithstanding anything to the contrary contained herein, the maximum aggregate amount of the obligations of each Subsidiary Guarantor hereunder shall not, as of any date of determination, exceed the lesser of (i) the greatest amount that is valid and enforceable against such Subsidiary Guarantor under principles of New York State contract law, and (ii) the greatest amount that would not render such Subsidiary Guarantor's liability hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any applicable provisions of state law (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of such Subsidiary Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liability (A) in respect of intercompany indebtedness to the Borrower or any affiliate or subsidiary of the Borrower, to the extent that such intercompany indebtedness would be discharged in an amount equal to the amount paid by such Subsidiary Guarantor hereunder, and (B) under any guarantee of (1) senior unsecured indebtedness, or (2) indebtedness subordinated in right of payment to any Borrower Obligation, in either case that contains a limitation as to maximum liability similar to that set forth in this Section 10.1(b) and pursuant to which the liability of such Subsidiary Guarantor hereunder is included in the liabilities taken into account in determining such maximum liability) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such Subsidiary Guarantor pursuant to applicable law or any agreement providing for an equitable allocation among such Subsidiary Guarantor and other affiliates or subsidiaries of the Borrower of obligations arising under guarantees by such parties.

(c) Each Subsidiary Guarantor agrees that the Guarantor Obligations may at any time and from time to time exceed the maximum aggregate amount of the obligations of such Subsidiary Guarantor hereunder without impairing this Agreement or affecting the rights and remedies of the Lender hereunder.

Section 10.2. Absolute Obligation

Subject to Section 10.5(c), no Subsidiary Guarantor shall be released from liability hereunder unless and until either (i) the Borrower shall have paid in full the outstanding principal balance of the Loans, together with all accrued and unpaid interest thereon, and all other amounts then due and owing under the Loan Documents, or (ii) the

Guarantor Obligations of such Subsidiary Guarantor shall have been paid in full in cash. Each Subsidiary Guarantor acknowledges and agrees that (a) the Lender has not made any representation or warranty to such Subsidiary Guarantor with respect to the Borrower, any of its Subsidiaries, any Loan Document, or any agreement, instrument or document executed or delivered in connection therewith, or any other matter whatsoever, and (b) such Subsidiary Guarantor shall be liable hereunder, and such liability shall not be affected or impaired, irrespective of (A) the validity or enforceability of any Loan Document, or any agreement, instrument or document executed or delivered in connection therewith, or the collectability of any of the Borrower Obligations, (B) the preference or priority ranking with respect to any of the Borrower Obligations, (C) the existence, validity, enforceability or perfection of any security interest or collateral security under any Loan Document, or the release, exchange, substitution or loss or impairment of any such security interest or collateral security, (D) any failure, delay, neglect or omission by the Lender to realize upon or protect any direct or indirect collateral security, indebtedness, liability or obligation, any Loan Document, or any agreement, instrument or document executed or delivered in connection therewith, or any of the Borrower Obligations, (E) the existence or exercise of any right of set-off by the Lender, (F) the existence, validity or enforceability of any other guarantee with respect to any of the Borrower Obligations, the liability of any other Person in respect of any of the Borrower Obligations, or the release of any such Person or any other guarantor of any of the Borrower Obligations, (G) any act or omission of the Lender in connection with the administration of any Loan Document or any of the Borrower Obligations, (H) the bankruptcy, insolvency, reorganization or receivership of, or any other proceeding for the relief of debtors commenced by or against, any Person, (I) the disaffirmance or rejection, or the purported disaffirmance or purported rejection, of any of the Borrower Obligations, any Loan Document, or any agreement, instrument or document executed or delivered in connection therewith, in any bankruptcy, insolvency, reorganization or receivership, or any other proceeding for the relief of debtor, relating to any Person, (J) any law, regulation or decree now or hereafter in effect that might in any manner affect any of the terms or provisions of any Loan Document, or any agreement, instrument or document executed or delivered in connection therewith or any of the Borrower Obligations, or that might cause or permit to be invoked any alteration in the time, amount, manner or payment or performance of any of the Borrower's obligations and liabilities (including the Borrower Obligations), (K) the merger or consolidation of the Borrower into or with any Person, (L) the sale by the Borrower of all or any part of its assets, (M) the fact that at any time and from time to time none of the Borrower Obligations may be outstanding or owing to the Lender, (N) any amendment or modification of, or supplement to, any Loan Document, or (O) any other reason or circumstance that might otherwise constitute a defense available to or a discharge of the Borrower in respect of its obligations or liabilities (including the Borrower Obligations) or of such Subsidiary Guarantor in respect of any of the Guarantor Obligations (other than by the performance in full thereof).

Section 10.3. Repayment in Bankruptcy, etc.

If, at any time or times subsequent to the payment of all or any part of the Borrower Obligations or the Guarantor Obligations, the Lender shall be required to repay

any amounts previously paid by or on behalf of the Borrower or any Subsidiary Guarantor in reduction thereof by virtue of an order of any court having jurisdiction in the premises, including as a result of an adjudication that such amounts constituted preferential payments or fraudulent conveyances, the Subsidiary Guarantors unconditionally agree to pay to the Lender, within 10 days after demand, a sum in cash equal to the amount of such repayment, together with interest on such amount from the date of such repayment by the Lender to the date of payment to the Lender at the applicable after-maturity rate set forth in Section 3.1(b).

Section 10.4. Additional Subsidiary Guarantors

Upon the execution and delivery to the Lender of a Guarantee Supplement by any Person, appropriately acknowledged, such Person shall be a Subsidiary Guarantor.

Section 10.5. Miscellaneous

(a) Each Subsidiary Guarantor agrees that any statement of account with respect to the Borrower Obligations from the Lender that binds the Borrower shall also be binding upon such Subsidiary Guarantor, and that copies of said statements of account maintained in the regular course of the Lender's business may be used in evidence against such Subsidiary Guarantor in order to establish its Guarantor Obligations.

(b) Subject to the limitations set forth in Section 10.1(b), the Guarantor Obligations shall be joint and several.

(c) Notwithstanding anything to the contrary contained in this Agreement, on and as of the date of any merger, consolidation or Acquisition permitted by Section 7.3 or 7.5, as the case may be, that shall result in any Subsidiary Guarantor ceasing to be a Subsidiary, such Subsidiary Guarantor shall, without the consent of the Lender, cease to be a Subsidiary Guarantor and shall have no further liability hereunder.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Credit and Guarantee Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BEL FUSE INC.

By: /s/ Colin Dunn
Name: Colin Dunn
Title: Vice President

BEL VENTURES INC.
BEL POWER PRODUCTS INC.
BEL TRANSFORMER INC.
BEL CONNECTOR INC.

AS TO EACH OF THE FOREGOING:

By: /s/ Colin Dunn
Name: Colin Dunn
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Thomas Sweeney

Name: Thomas Sweeney
Title: Vice President

EXHIBIT 22.1

Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
Bel Fuse Limited	Hong Kong
Bel Fuse Macau LDA	Macau
Bel Fuse Europe Ltd.	United Kingdom
Bel Fuse America Inc.	Delaware
Bel Fuse Delaware Inc.	Delaware
Bel Fuse California Inc.	California
Bel Ventures Inc.	Delaware
Bel Power Products Inc.	Delaware
Bel Power (Hangzhou) Co. Ltd.	China
Bel Transformer Inc.	Delaware
Bel Connector Inc.	Delaware
Bel Components Ltd.	Hong Kong

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements (2-93572, 33-45809, 33-53462, 333-65627 and 333-89376) on Forms S-8 of Bel Fuse Inc. of our report dated March 18, 2003 (March 21, 2003 as to Notes 11 and 12) (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's change in method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards Board No. 142), appearing in this Annual Report on Form 10-K of Bel Fuse Inc. for the year ended December 31, 2002.

Deloitte & Touche LLP

March 24, 2003
New York, New York

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Bel Fuse Inc. (the "Company") on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission (the "Report"), I, Daniel Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934;and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated result of operations of the Company for the periods presented.

(3) A signed original of this written statement required by Section 906 has been provided to Bel Fuse Inc. and will be retained by Bel Fuse Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: March 21, 2003

By: /s/ Daniel Bernstein

Daniel Bernstein, President
and Chief Executive Officer

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Bel Fuse Inc. (the "Company") on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission (the "Report"), I, Colin Dunn, Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934;and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated result of operations of the Company for the periods presented.

(3) A signed original of this written statement required by Section 906 has been provided to Bel Fuse Inc. and will be retained by Bel Fuse Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: March 21, 2003

By: /s/ Colin Dunn

Colin Dunn, Vice President of Finance

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.