SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20509

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 6, 1997

SPARTAN MOTORS, INC.
(Exact name of registrant as specified in charter)

MICHIGAN	0-13611	38-2078923
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1000 REYNOLDS ROAD CHARLOTTE, MICHIGAN	48813
(Address of principal executive offices)	(Zip Code)

(517) 543-6400
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name or former address, if changed since last report)

Item 5. OTHER EVENTS

Spartan Motors, Inc. (the "Company") entered into an agreement with Recovery Equity Investors, Inc. and former sole owners of Carpenter Industries, Inc., Dr. Beurt SerVaas and SerVaas, Inc., pursuant to which the Company purchased a 33 percent equity interest in Carpenter Industries, Inc. at a price of $10 million. The closing of the transaction occurred on January 6, 1997.

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

Financial statements and pro forma financial information will be filed by amendment.

DESCRIPTION OF EXHIBITS

EXHIBIT NO.	
2 (a)	Investment Agreement, dated December 23, 1996 among Recovery Equity Investors II, L.P., Spartan Motors, Inc., Carpenter Industries Inc., Carpenter Industries LLC, The Beurt SerVaas Revocable Trust, and The Curtis Publishing Company
2 (b)	Amendment No. 1 to the Investment Agreement dated January 6, 1997
10 (a)	Carpenter Industries Inc. Stockholders' Agreement
10 (b)	Contribution Agreement between Carpenter Industries LLC and Carpenter Industries Inc.
10 (c)	Carpenter Industries Inc. Registration Rights Agreement
99	Press Release dated January 7, 1997

SIGNATURES

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

Dated: January 21, 1997 SPARTAN MOTORS, INC.

By /S/ ANTHONY G. SOMMER
Anthony G. Sommer
Executive Vice President

EXHIBIT 2(a) EXECUTION COPY

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INVESTMENT AGREEMENT

DATED AS OF DECEMBER 23, 1996

AMONG

RECOVERY EQUITY INVESTORS II, L.P.,

SPARTAN MOTORS, INC.,

CARPENTER INDUSTRIES INC.,

CARPENTER INDUSTRIES LLC,

THE BEURT SERVAAS REVOCABLE TRUST

AND

THE CURTIS PUBLISHING COMPANY

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This Table of Contents is not part of the Agreement to which it is attached but is inserted for convenience only.

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INVESTMENT AGREEMENT dated as of December 23, 1996, among RECOVERY EQUITY INVESTORS II, L.P., a Delaware limited partnership ("REI II"), SPARTAN MOTORS, INC., a Michigan corporation ("Spartan" and, together with REI II, the "Investors"), CARPENTER INDUSTRIES INC., a Delaware corporation (the "Company"), CARPENTER INDUSTRIES LLC, an Indiana limited liability company ("Carpenter"), the BEURT SERVAAS REVOCABLE TRUST, a trust organized under the laws of the State of Indiana (the "Trust"), and THE CURTIS PUBLISHING COMPANY, an Indiana corporation ("Curtis" and, together with the Trust, the "Owners").

WHEREAS, in order that the investments by the Investors contemplated hereby may be made in a newly formed Delaware corporation, immediately prior to the closing of the transactions contemplated hereby, Carpenter will contribute certain of its Assets and Properties and certain of its Liabilities to the Company (and the Company shall assume such Liabilities) pursuant to the terms of the Contribution Agreement (the "Contribution"); and

WHEREAS, in exchange for the Contribution and the covenant of the Owners and Carpenter set forth in Sections 4.9, 4.14, 4.17, 5.3, 5.4 and 5.8, the Company will issue to Carpenter 300 shares of the Company's Common Stock, no par value per share (the "Common Stock");

WHEREAS, immediately following the Contribution, each of REI II and Spartan desires to purchase from the Company, and the Company desires to sell to each Investor, on the terms and subject to the conditions set

forth below, 300 shares of Common Stock, representing 33-1/3% of the total number of shares of Common Stock outstanding after giving effect to the Contribution and the other transactions contemplated by this Agreement (the 600 shares of Common Stock to be purchased by the Investors in the aggregate hereunder being hereinafter referred to as the "Purchased Stock");

WHEREAS, the parties hereto intend that the above-described receipt of Common Stock by Carpenter and the purchase of the Purchased Stock by the Investors qualify as an exchange under Section 351 of the Code; and

WHEREAS, capitalized terms used above and not otherwise defined above shall have the respective meanings set forth in Section 11.1.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

SALE OF PURCHASED INTERESTS; CLOSING

1.1 PURCHASE AND SALE. The Company agrees to sell to each Investor, and each Investor agrees to purchase from the Company, 300 shares of the Purchased Stock for the Purchase Price at the Closing, in each case on the terms and subject to the conditions set forth in this Agreement.

1.2 PURCHASE PRICE. The aggregate purchase price to be paid by each Investor for the Purchased Stock to be purchased by it hereunder is $10,000,000 (the "Purchase Price"), payable in cash in the manner provided in Section 1.3.

1.3 CLOSING. The Closing will take place on the Closing Date at the offices of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, or at such other place as the Investors and the Company mutually agree, at 10:00 A.M. local time. At the Closing, each Investor will pay the Purchase Price by wire transfer of immediately available funds to such account as the Company may reasonably direct by written notice delivered to such Investor by the Company at least five Business Days before the Closing Date. Simultaneously, the Company will issue to each Investor 300 shares of Purchased Stock, free and clear of all Liens, by delivering to such Investor one or more certificates, registered in the name of such Investor or any designee thereof, representing such shares of Purchased Stock. At the Closing, there shall also be delivered to the Company and the Investors the opinions, certificates and other Contracts, documents and instruments to be delivered under Articles VI and VII.

1.4 OBLIGATIONS OF INVESTORS SEVERAL AND NOT JOINT. The obligations of each Investor under this Agreement are separate from the obligations of the other Investor under this Agreement, and neither Investor shall be liable or otherwise responsible in any manner for any obligation of the other Investor under this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE OWNERS, CARPENTER AND THE COMPANY

Carpenter, the Company and each of the Owners hereby jointly and

severally represent and warrant to each Investor as follows:

2.1 ORGANIZATION OF CARPENTER AND THE COMPANY. (a) Carpenter is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Indiana. During the period from April 30, 1990 through and including June 28, 1996, CMI owned and conducted

the business currently owned and conducted by Carpenter. On June 28, 1996, (i) CMI duly and validly distributed all of its Assets and Properties and assigned all of its Liabilities to Curtis and the Trust, and (ii) Curtis and the Trust duly and validly contributed all such Assets and Properties and assigned all such Liabilities to Carpenter. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each of Carpenter and the Company is duly qualified, licensed or admitted to do business and is in good standing in the jurisdictions identified in SECTION 2.1 OF THE DISCLOSURE SCHEDULE, those being in each case the only jurisdictions in which the failure to be so qualified, licensed or admitted and in good standing could reasonably be expected to have a material adverse effect on the Business or Condition of Carpenter or the Company. Carpenter and the Company have, prior to the execution of this Agreement, made available to Investor true and complete copies of (i) the certificate of existence of Carpenter, (ii) the articles of organization of Carpenter, (iii) the operating agreement of Carpenter, (iv) the certificate of incorporation of the Company, and (v) the by-laws of the Company, in each case together with all amendments thereto and as in effect on the date of this Agreement (the foregoing, collectively, the "Charter Documents"). The name of each member of Carpenter, and each officer of Carpenter and the position held by each, are listed in SECTION 2.1 OF THE DISCLOSURE SCHEDULE.

(b) The Company has been newly incorporated on October 30, 1996, and since the date of its incorporation, the Company has not conducted any business, incurred any Liabilities (whether contingent or otherwise), entered into any Contract (other than this Agreement, the Operative Agreements and any Contract that (i) is furnished to and approved by each Investor before being entered into by the Company and (ii) is entered into by the Company either as part of the Restructuring Transactions described in clause (c) of Section 4.9 or in obtaining the written instruments relating to the Wayne Bank revolving credit facility contemplated by Section 6.6) or had any Assets and Properties or employees; PROVIDED, HOWEVER, that on the Closing Date (and after giving effect to the transactions contemplated hereby) the Company will have the Assets and Properties, Liabilities and Contracts contributed to it and assumed by it pursuant to the Contribution Agreement.

2.2 POWER AND AUTHORITY. (a) Each of Carpenter, the Company and the Owners has the requisite power and authority and legal capacity to execute and deliver this Agreement and the Operative Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including (in the case of Carpenter) the Restructuring Transactions and (in the case of the Company) the issuance and sale of the Purchased Stock to the Investors. The execution and delivery by each of Carpenter, the Company and the Owners of this Agreement and the Operative Agreements to which it is a party, and such Person's performance of its obligations hereunder and thereunder, have

been duly and validly authorized by all necessary action on the part of the members of Carpenter, the trustees and settlors of the Trust, the board of directors of the Company or the board of directors of Curtis, as the case may be, which action is the only action necessary to authorize the execution, delivery and performance by such Person of this Agreement and the Operative Agreements to which it is a party. This Agreement has been

duly and validly executed and delivered by each of Carpenter, the Company and the Owners and constitutes, and upon the execution and delivery by each of Carpenter, the Company and the Owners of the Operative Agreements to which it is a party, each such Operative Agreement will constitute, a legal, valid and binding obligation of such Person enforceable against such Person in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.

(b) Dr. SerVaas has the requisite power and authority and legal capacity to execute and deliver the Operative Agreements to which he is a party, to perform his obligations thereunder and to consummate the transactions contemplated thereby. Upon the execution and delivery by Dr. SerVaas of the Operative Agreements to which he is a party, each such Operative Agreement will constitute a legal, valid and binding obligation of Dr. SerVaas, enforceable against Dr. SerVaas in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.

2.3 CAPITAL. The Trust and Curtis are the only members of Carpenter and have a 30% and a 70% interest in the capital of Carpenter, respectively. The authorized capital stock of the Company consists of 1,000 shares of Common Stock. As of the date hereof, no shares of Common Stock have been issued or are outstanding. Immediately prior to the Closing (but after giving effect to the Contribution), there will be 300 shares of Common Stock issued and outstanding, all of which will be owned by Carpenter free and clear of all Liens. At the time of their issuance and on the Closing Date, all of such issued and outstanding shares of Common Stock will be validly issued, fully paid and nonassessable, and will have been issued in compliance with all applicable federal and state securities laws. Carpenter has not, directly or indirectly, entered into any agreement, arrangement or understanding with respect to the sale, transfer or other disposition of any such shares of Common Stock (other than the Stockholders' Agreement). There are no outstanding Options or agreements, arrangements or understandings to issue Options with respect to Carpenter or the Company and there are no preemptive rights or agreements, arrangements or understandings to issue preemptive rights with respect to the issuance or sale of shares of capital stock of or other equity interests in Carpenter or the Company. Upon issuance at the Closing, the

certificate or certificates representing the Purchased Stock delivered hereunder to the Investors will transfer to each Investor good and valid title to the Purchased Stock being purchased by it hereunder, free and clear of all Liens, and all the Purchased Stock will have been duly authorized, validly issued, fully paid and nonassessable. Upon the issuance thereof at the Closing, the Purchased Stock in the aggregate will represent 66-2/3% of the total voting power of all shares of capital stock of the Company, and each share of Purchased Stock will represent the same fraction of such total voting power.

2.4 NO SUBSIDIARIES. Neither Carpenter nor the Company holds any direct or indirect equity, partnership, limited liability company, joint venture or other interest in any Person.

2.5 NO CONFLICTS. The execution and delivery by each of Carpenter, the Company and the Owners of this Agreement do not, and the execution and delivery by each of Carpenter, the Company, Dr. SerVaas and the Owners of the Operative Agreements to which it is a party, the performance by each of Carpenter, the Company and the Owners of its obligations under this Agreement and the Operative Agreements to which it is a party, the performance by Dr. SerVaas of his obligations under the Operative Agreements to which he is a party, and the consummation of the

transactions contemplated by the Agreement and the Operative Agreements (including, without limitation, the Contribution, the Restructuring Transactions and the issuance of the Purchased Stock) will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Charter Documents, the certificate or articles of incorporation or by-laws of Curtis or the trust agreement governing the Trust;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed in SECTION 2.6 OF THE DISCLOSURE SCHEDULE, if any, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to any of Carpenter, the Company, Dr. SerVaas or the Owners or any of their respective Assets and Properties; or

(c) except as disclosed in SECTION 2.5 OF THE DISCLOSURE SCHEDULE, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Carpenter, the Company, any Owner or Dr. SerVaas to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (v) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under, (vi) result in the creation of any new,

additional or increased liability of Carpenter or the Company under, or (vii) result in the creation or imposition of any Lien upon Carpenter or the Company, Dr. SerVaas or any of their respective Assets and Properties under, any Contract or License to which any of Carpenter, the Company, Dr. SerVaas or the Owners is a party or by which any of their respective Assets and Properties is bound.

2.6 GOVERNMENTAL APPROVALS AND FILINGS. Except as disclosed in SECTION 2.6 OF THE DISCLOSURE SCHEDULE, no consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority on the part of Carpenter, the Company, any Owner or Dr. SerVaas is required in connection with (a) the execution, delivery and performance of this Agreement by Carpenter, the Company or any Owner, (b) the execution, delivery and performance by Carpenter, the Company, Dr. SerVaas or any Owner of any of the Operative Agreements to which it is a party or (c) the consummation of the transactions contemplated by this Agreement or any Operative Agreement.

2.7 BOOKS AND RECORDS. The minute books and other similar records of Carpenter and the Company as made available to each Investor prior to the execution of this Agreement contain a true and complete record, in all material respects, of all action taken at all meetings and by all written consents in lieu of meetings of the members, the stockholders, the management committee and the board of directors and committees of the board of directors of Carpenter and the Company, as applicable.

2.8 FINANCIAL STATEMENTS. (a) Schedule 2.8A contains true and complete copies of the Audited Financial Statements, fiscal year ended December 31, 1995, which have been audited by Birk Gross Bell & Coulter, P.C. (the "Accounting Firm"). The Audited Financial Statements (x) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved and (y) fairly present, in all material respects, the financial position of CMI as of December 31, 1995 and the results of operations and cash flows of CMI for the fiscal year ended December 31, 1995.

(b) Schedule 2.8B contains true and complete copies of the

combined compiled financial statements for CMI and Carpenter as of and for the nine months ended September 30, 1996, which have been compiled by the Accounting Firm (collectively, the "September 30 Compiled Financial Statements"). Schedule 2.8C contains true and complete copies of (i) a compiled balance sheet for Carpenter as of October 31, 1996, and the related compiled statements of operations and accumulated deficit for the four months ended October 31, 1996, which have been compiled by the Accounting Firm (collectively, the "October 31 Compiled Financial Statements"), (ii) a pro forma balance sheet for the Company as of October 31, 1996, reflecting the impact of the Restructuring Transactions, the

Contribution and the other transactions contemplated hereby to occur on the Closing Date as if the Restructuring Transactions and such other transactions had occurred on October 31, 1996 (the "Pro Forma Balance Sheet") and (iii) pro forma statements of income, members' equity and cash flows for Carpenter for the four months ended October 31, 1996, reflecting the estimated results of operations and cash flows of Carpenter for such period after giving effect to the elimination of all non-recurring expenses associated with (x) the ramp-up in Carpenter's production of buses during the first three quarters of calendar year 1996 and (y) the production changes implemented in October 1996 to complete work on Carpenter's inventory of semi-finished buses (the "Estimated Pro Forma Operating Statements"). The inventory balances set forth in the October 31 Compiled Financial Statements and the Pro Forma Balance Sheet are based upon a physical inventory of raw materials and work in process conducted in accordance with the Agreed-Upon Procedures.

(c) Schedule 2.8D contains a true and complete copy of the "Independent Accountant's Report on Applying Agreed-Upon Procedures" delivered by the Accounting Firm to Carpenter on December 17, 1996 (the "Agreed-Upon Procedures Report"). The September 30 Compiled Financial Statements and the October 31 Compiled Financial Statements accurately reflect the results of the Agreed-Upon Procedures described in the Agreed-Upon Procedures Report (including the Accounting Firm's observation of the physical inventory referred to in Section 2.8(b)).

(d) The September 30 Compiled Financial Statements and the October 31 Compiled Financial Statements accurately present, in all material respects, the financial condition and results of operations of Carpenter as of and for the dates and periods indicated (subject in each case to normal year-end audit adjustments that will not have or reflect a material adverse effect). Except as otherwise disclosed in the related compilation report, the September 30 Compiled Financial Statements and the October 31 Compiled Financial Statements were prepared on a basis consistent with the Audited Financial Statements (including the methods, principles, practices and policies applied in preparing the Audited Financial Statements).

(e) The Pro Forma Balance Sheet accurately reflects (i) the adjustments specified in the journal entries attached thereto as part of Schedule 2.8C and (ii) all other adjustments to the balance sheet included in the October 31 Compiled Financial Statements required to be made to give effect to the Restructuring Transactions, the Contribution and the other transactions contemplated hereby to occur on the Closing Date as if the Restructuring Transactions and such other transactions had occurred on November 1, 1996.

(f) The Estimated Pro Forma Operating Statements accurately reflect the effect (as estimated in good faith by Carpenter's management)

of elimination of the non-recurring expenses identified in clause (iii) of Section 2.8(b), and otherwise have been prepared in good faith by Carpenter

on the basis of the best information known to Carpenter and the Owners (after due inquiry) as of the date hereof.

(g) Carpenter and the Owners have, and have caused the Accounting Firm to, make available to each Investor and its accountants all work papers and related data used in connection with the preparation and review of the September 30 Compiled Financial Statements, the October 31 Compiled Financial Statements, the Pro Forma Balance Sheet and the Estimated Pro Forma Operating Statements.

(h) The aggregate principal amount of outstanding Indebtedness under the agreements relating to the Newcourt inventory financing arrangement in respect of Federalled Buses that have been sold by CMI or Carpenter and paid for by the purchasers thereof prior to the date hereof equals $6,132,644.48 (such outstanding Indebtedness, the "Unsecured Newcourt Indebtedness"). As of the date hereof, the agreements relating to the Newcourt inventory financing arrangement have been modified to provide that the Unsecured Newcourt Indebtedness, together with all accrued interest thereon, is due and payable on December 31, 1996.

(i) The Net Contribution Amount for the period beginning on September 1, 1996 and ending on the Closing Date will not be less than $7,500,000.

2.9 ABSENCE OF CHANGES. Since the Audited Financial Statement Date, except as set forth in SECTION 2.9 OF THE DISCLOSURE SCHEDULE, there has not been any material adverse change, or any event or development which, individually or together with other such events and developments, could reasonably be expected to result in a material adverse change, in the Business or Condition of Carpenter or the Company (it being understood that all references to Carpenter in this Section 2.9 shall be deemed to include CMI). None of the other representations or warranties set forth in this Agreement shall be deemed to limit the foregoing. In addition, without limiting the foregoing, except as disclosed in SECTION 2.9 OF THE DISCLOSURE SCHEDULE and except in connection with the Restructuring Transactions, the Contribution and (to the extent completed prior to the Closing) the Debt Restructuring, there has not occurred since the Audited Financial Statement Date:

(a) other than the distribution to Curtis and the Trust of the net proceeds of Carpenter's sale of 800 shares of CII's common stock pursuant to the CII Stock Purchase Agreement, any declaration, setting aside or payment of any dividend or other distribution in respect of the capital of Carpenter, or any direct or indirect redemption, purchase or other acquisition by Carpenter of any such capital of or any Option with respect to Carpenter;

(b) except for the execution, delivery and performance by each of Carpenter, the Company and the Owners of this Agreement and the Operative Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, any authorization, issuance, sale or other disposition by Carpenter, the Company or any Owner of any shares of capital stock of or other equity interests in or Option with respect to Carpenter or the Company, or any modification or amendment of any right of any holder of any outstanding shares of capital stock of or other equity interests in or Option with respect to Carpenter or the Company;

(c) other than pursuant to the terms of existing employment Contracts listed in SECTION 2.18(A)(I) OF THE DISCLOSURE SCHEDULE: (i) any increase in the salary, wages or other compensation, including any increase in rate of compensation, of any officer, employee or consultant of Carpenter whose annual salary is, or after giving effect to such change would be, $100,000 or more; (ii) any establishment or modification of (A) targets, goals, pools or similar provisions under

any Benefit Plan, employment Contract or other employee compensation arrangement or (B) salary ranges, increase guidelines or similar provisions in respect of any Benefit Plan, employment Contract or other employee compensation arrangement; or (iii) any adoption, entering into, amendment, modification or termination (partial or complete) of any Benefit Plan;

(d) (i) incurrences by Carpenter of Indebtedness, other than (w) Indebtedness consisting of advances made by Curtis after October 31, 1996 for the purpose of financing ongoing business expenses of Carpenter, (x) revolving credit Indebtedness incurred in the ordinary course of Carpenter's business pursuant to the inventory financing agreement with Newcourt Financial USA, Inc., (y) the incurrence of $2,500,000 aggregate principal amount of long-term Indebtedness as consideration for Carpenter's acquisition of the Richmond Facility pursuant to the Richmond Acquisition Agreement and (z) any other Indebtedness, but only if the entire outstanding principal amount thereof is included in the October 31, 1996 balance sheet for Carpenter included in the October 31 Financial Statements, or (ii) except as part of the Restructuring Transactions, any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled payment date with respect to, or waiver of any right of Carpenter under, any Indebtedness of or owing to Carpenter;

(e) any physical damage, destruction or other casualty loss (whether or not covered by insurance) affecting any of the real or personal property or equipment of Carpenter in an aggregate amount exceeding $100,000;

(f) any write-off or write-down of, or any determination to write off or write-down, any of the Assets and Properties of Carpenter in an aggregate amount exceeding $100,000;

(g) any acquisition by Carpenter of any Assets and Properties of any Person or disposition of, or incurrence of a Lien (other than a Permitted Lien) on, any Assets and Properties of Carpenter, other than (i) acquisitions or dispositions of inventory in the ordinary course of business of Carpenter consistent with past practice, (ii) the sale of 800 shares of CII's common stock pursuant to the CII Stock Purchase Agreement and (iii) the acquisition of the Richmond Facility pursuant to the Richmond Acquisition Agreement;

(h) any capital expenditure or commitment for additions to property, plant or equipment of Carpenter constituting capital assets (or any series of related capital expenditures or commitments) in an amount exceeding $50,000;

(i) any commencement, termination or change by Carpenter of any line of business;

(j) any transaction by Carpenter with any officer, director, member, Affiliate or Associate of Carpenter, other than (i) pursuant to (x) any Contract in effect on June 28, 1996 and disclosed to Investor pursuant to Section 2.18(a)(vi) and (y) any employment Contract disclosed to Investor pursuant to SECTION 2.18(A)(I) OF THE DISCLOSURE SCHEDULE and (ii) the advances made by Curtis described in SECTION 2.21(A) OF THE DISCLOSURE SCHEDULE;

(k) any entering into of an agreement to do or engage in any of the foregoing, including with respect to any Business Combination, other than Carpenter's entering into the CII Stock Purchase Agreement and the Richmond Acquisition Agreement; or

(l) any change in the accounting methods or procedures of Carpenter or any other transaction involving or development affecting Carpenter outside the ordinary course of business consistent with past practice.

2.10 NO UNDISCLOSED LIABILITIES. Except as reflected or reserved against in the October 31 Financial Statements or as disclosed in SECTION 2.10 OF THE DISCLOSURE SCHEDULE, there are no Liabilities of, relating to or affecting Carpenter, the Company or any of their respective Assets and Properties, other than (a) Liabilities incurred in the ordinary course of business consistent with past practice since October 31, 1996 and in accordance with the provisions of this Agreement, (b) Liabilities consisting of the $2,500,000 aggregate principal amount of long-term Indebtedness incurred as consideration for Carpenter's acquisition of the

Richmond Facility pursuant to the Richmond Acquisition Agreement, together with interest accrued thereon since November 12, 1996, and (c) other Liabilities which in the aggregate are not material to the Business or Condition of Carpenter or the Company, are not for tort or for breach of contract and are not owed to any Affiliate or Associate of Carpenter.

2.11 TAXES. (a) Except as disclosed in SECTION 2.11 OF THE DISCLOSURE SCHEDULE, all Tax Returns required to have been filed by or with respect to CMI, Carpenter or the Company have been duly filed, and each such Tax Return correctly and completely reflects the income, franchise or other Tax liability and all other information required to be reported thereon. All Taxes due and payable by CMI, Carpenter or the Company, whether or not shown on any Tax Return, have been paid.

(b) Except as disclosed in SECTION 2.11 OF THE DISCLOSURE SCHEDULE, the provisions for Taxes due by Carpenter in the October 31, 1996 balance sheet for Carpenter contained in the October 31 Financial Statements are sufficient for all unpaid Taxes, being only current Taxes not yet due and payable, of Carpenter.

(c) Except as disclosed in SECTION 2.11 OF THE DISCLOSURE SCHEDULE, none of CMI, Carpenter or the Company is a party to any agreement extending the time within which to file any Tax Return. During the preceding five years, no claim has been made and, to the best knowledge of the Owners, Carpenter and the Company, no claim has ever been made by a jurisdiction in which CMI, Carpenter or the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction.

(d) Each of CMI, Carpenter and the Company has withheld and paid all Taxes required to have been withheld and paid by it in connection with amounts paid or due and payable to any employee, creditor, independent contractor or other third party.

(e) Except as disclosed in SECTION 2.11 OF THE DISCLOSURE SCHEDULE, there is no dispute or claim concerning any Tax liability of CMI, Carpenter or the Company either (i) claimed or raised by any taxing authority or (ii) otherwise known to any Owner, Carpenter or the Company. SECTION 2.11 OF THE DISCLOSURE SCHEDULE indicates those Tax Returns, if any, that have been audited, and indicates those Tax Returns that currently are the subject of audit. The Owners have made available to each Investor complete and correct copies of all federal, state, local and foreign income Tax Returns filed by, and all Tax examination reports and statements of deficiencies assessed against or agreed to by, CMI, Carpenter or the Company, in each case since April 30, 1990.

(f) None of CMI, Carpenter or the Company 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.

(g) None of CMI, Carpenter or the Company has received any written ruling related to Taxes, or entered into any written and legally binding agreement with a taxing authority relating to Taxes, for which in either case there is any further Liability.

(h) The Company does not have any Liability in respect of Taxes of Carpenter Body Works, Inc., CMI, Carpenter or any other Person other than the Company (i) under Section 1.1502-6 of the Treasury regulations (or any similar provision of state, local or foreign law), (ii) as a transferee or successor, (iii) by Contract or (iv) otherwise; PROVIDED, HOWEVER, that pursuant to the Contribution Agreement the Company will be responsible for the payment of Indiana property taxes of Carpenter that are not yet due and payable and either (i) have been properly accrued as a liability on the Pro Forma Balance Sheet or (ii) are disclosed in SECTION 2.11 OF THE DISCLOSURE SCHEDULE.

(i) None of CMI, Carpenter or the Company has made any payments, is obligated to make any payments, or is a party to any agreement that under certain circumstances could require it to make any payments, that are not deductible under Section 280G of the Code.

(j) None of CMI, Carpenter or the Company (i) has agreed to, is required to, or reasonably expects that it might have to, make any adjustment under Section 481 of the Code (or any comparable provision of state, local or foreign law) by reason of a change in accounting method or otherwise, (ii) is a "consenting corporation" within the meaning of Section 341(f)(1) of the Code or comparable provisions of any state statutes, and none of the Assets and Properties of Carpenter or the Company is subject to an election under Section 341(f) of the Code or comparable provisions of any state statutes, (iii) except as set forth in SECTION 2.11 OF THE DISCLOSURE SCHEDULE, has been a member of an affiliated, combined, consolidated, unitary or similar group for Tax purposes, or (iv) is a party to any joint venture, partnership or other arrangement that is (or should be) treated as a partnership for Tax purposes.

2.12 LEGAL PROCEEDINGS. (a) Except as set forth in SECTION 2.12 OF THE DISCLOSURE SCHEDULE:

(i) there are no Actions or Proceedings pending or, to the best knowledge of the Owners, Carpenter and the Company, threatened against, relating to or affecting Carpenter, the Company, Dr. SerVaas any Owner or any of their respective Assets and Properties which (A) could reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements or otherwise result in a material diminution of the benefits contemplated by this Agreement or any of the Operative Agreements to any Investor, or (B) if determined adversely to

Carpenter, the Company or any Owner, could reasonably be expected to result in (x) any injunction or other equitable relief against Carpenter, the Company or any Owner that would interfere with Carpenter's or the Company's business or operations or (y) Losses by Carpenter or the Company, individually or in the aggregate with Losses in respect of other such Actions or Proceedings, exceeding $100,000;

(ii) there are no facts or circumstances known to Carpenter, the Company or any Owner that could reasonably be expected to give rise to any Action or Proceeding that would be required to be disclosed pursuant to clause (i) above, except as disclosed in SECTION 2.12 OF THE DISCLOSURE SCHEDULE; and

(iii) none of the Owners, Carpenter or the Company has received

notice or is aware of any Orders outstanding against CMI, Carpenter or the Company.

(b) Prior to the date hereof, the Owners have made available to each Investor all responses of counsel for CMI and Carpenter to auditors' requests for information for the preceding two years (together with any updates provided by such counsel) regarding Actions or Proceedings pending or threatened against, relating to or affecting Carpenter or the Company.

2.13 COMPLIANCE WITH LAWS AND ORDERS. Except as disclosed in SECTION 2.13 OF THE DISCLOSURE SCHEDULE, none of CMI, Carpenter or the Company is or at any time since October 31, 1991 has been, or has received any notice that it is or since such date has been, in violation of or in default under, any Law or Order applicable to CMI, Carpenter, the Company or any of their respective Assets and Properties, other than any such violation or default which individually or together with any other such violations and defaults would not have a material adverse effect on the Business or Condition of Carpenter or the Company. In furtherance and not in limitation of the foregoing, none of CMI, Carpenter or the Company has violated the Securities Act or any other Federal or state securities law in connection with the offer, issuance, sale or purchase of any securities.

2.14 BENEFIT PLANS; ERISA. All Benefit Plans are listed in SECTION 2.14 OF THE DISCLOSURE SCHEDULE, and copies of all documentation relating to such Benefit Plans have been delivered or made available to each Investor. Except as disclosed in SECTION 2.14 OF THE DISCLOSURE SCHEDULE:

(a) each Benefit Plan and the administration thereof complies, and has at all times complied, in all material respects with the requirements of all applicable Law, including ERISA and the Code; each Qualified Plan is in fact qualified under Section 401 of the Code; and none of the Owners, Carpenter or the Company is aware of any facts or circumstances which could reasonably be expected to affect the qualified status under Section 401 of the Code of any Qualified Plan;

(b) each of CMI, Carpenter, the Company and the ERISA Affiliates does not presently maintain or contribute to, and at no time has maintained or contributed to, any single-employer plan (within the meaning of Section 3(41) of ERISA) or any multiemployer plan (within the meaning of Section 3(37) of ERISA) subject to Title IV of ERISA, and none of Carpenter, the Company or the ERISA Affiliates is aware of any circumstances pursuant to which Carpenter or the Company could have liability to any party under Title IV of ERISA;

(c) none of CMI, Carpenter, the Company or the ERISA Affiliates has incurred any liability for any tax imposed under Section 4971 through 4980B of the Code, or any civil liability under Section 502(i) or (l) of ERISA, which (individually or together with other such liabilities and civil liabilities) could have a material adverse effect on the Business or Condition of Carpenter or the Company;

(d) no Benefit Plan provides health or death benefit coverage beyond the termination of an employee's employment, except as required by Part 6 of Subtitle B of Title I of ERISA or Section 4980B of the Code or any state laws requiring continuation of benefits coverage following termination of employment;

(e) no suits, actions or other litigation (excluding claims for benefits incurred in the ordinary course of plan activities) have been brought or, to the best knowledge of the Owners, Carpenter and the Company, threatened against or with respect to any Benefit Plan and there are no facts or circumstances known to Carpenter, the Company or any Owner that could reasonably be expected to give rise to any such suit, action or other litigation; and

(f) all contributions to Benefit Plans that were required to be made under such Benefit Plans have been made, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved in accordance with GAAP, all of which accruals under unfunded Benefit Plans, if any, are as disclosed in SECTION 2.14(F) OF THE DISCLOSURE SCHEDULE, and each of CMI and Carpenter has performed all material obligations currently required to be performed by it under all Benefit Plans.

2.15 REAL PROPERTY. (a) SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE contains a true and correct list of (i) each parcel of real property owned (the "Owned Real Property") by Carpenter, (ii) each parcel of real property leased by Carpenter (as lessor or lessee) (the "Leased Real Property") and (iii) all Liens (other than Permitted Liens) relating to or affecting any parcel of real property referred to in clause (i) or (ii) above.

(b) Carpenter has good and marketable title to each parcel of Owned Real Property (including the improvements thereon), free and clear of all Liens (other than Permitted Liens and Liens disclosed in SECTION 2.15(B) OF THE DISCLOSURE SCHEDULE). After giving effect to the Contribution, the Company will have good and marketable title to each parcel of Owned Real Property (including the improvements thereon) designated with an asterisk in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULES, free and clear of all Liens (other than Permitted Liens and Liens DISCLOSED IN SECTION 2.15(B) OF THE DISCLOSURE SCHEDULE).

(c) Subject to the terms of the related leases, Carpenter has, and after giving effect to the Contribution the Company will have with respect to each parcel of Leased Real Property designated with an asterisk in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE, a valid and subsisting leasehold estate in and the right to quiet enjoyment of the real properties currently leased by Carpenter for the full term of the lease thereof. Each lease referred to in clause (ii) of paragraph (a) above is a legal, valid and binding agreement, enforceable in accordance with its terms, of Carpenter and of each other Person that is a party thereto, and except as set forth in SECTION 2.15(C) OF THE DISCLOSURE SCHEDULE, there is no, and none of CMI, Carpenter, the Company or the Owners has received notice of any, default (or any condition or event which, after notice or lapse of time or both, would constitute a default) thereunder. None of Carpenter or the Company owes brokerage commissions or finders fees with respect to any such leased space, except to the extent that Carpenter or the Company may renew the term of any such lease, in which case any such commissions and fees would be in amounts that are reasonable and customary for the spaces so leased, given their intended use and terms.

(d) Carpenter has made available to each Investor prior to the execution of this Agreement true and complete copies of (i) title policies, mortgages, deeds of trust, deeds, certificates of occupancy and similar documents, and all amendments thereto, concerning the Owned Real Property, and (ii) all leases (including any amendments thereto and renewal letters in respect thereof) and, to the extent reasonably available, all other documents referred to in clause (i) of this paragraph (d) with respect to the real property listed in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE pursuant to clause (ii) of paragraph (a) above.

(e) The improvements on the real property identified in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, to the best knowledge of the Owners, Carpenter and the Company, there are no condemnation or appropriation proceedings pending or threatened against any of such real property or the improvements

thereon.

(f) Except as set forth in Section 2.23(c) of the Disclosure Schedule, none of Carpenter, the Company or any of the Owners has any knowledge, nor has any of CMI, Carpenter, the Company or the Owners received any notice, of any claim, action or proceeding, actual or threatened, against or affecting Carpenter, the Company or any of the real property identified in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE which would materially affect the future use, occupancy or value of such real property or any part thereof.

2.16 TANGIBLE PERSONAL PROPERTY. Except as disclosed in SECTION 2.16 OF THE DISCLOSURE SCHEDULE, Carpenter is in possession of and has, and, immediately after giving effect to the Contribution the Company will be in possession of and have, good and marketable title to, or valid leasehold interests in or valid rights under Contract to use, all tangible personal property including (a) all tangible personal property reflected in the Pro Forma Balance Sheet and (b) all tangible personal property that has been acquired by Carpenter since October 31, 1996 and is to be so contributed (in each case other than property disposed of since such date in the ordinary course of business consistent with past practice and the terms of this Agreement). All such tangible personal property is free and clear of all Liens, other than Permitted Liens, and is adequate and suitable for the conduct by Carpenter or the Company of the business presently conducted or to be conducted by it (as the case may be), and (except as disclosed in SECTION 2.16 OF THE DISCLOSURE SCHEDULE) is in good working order and condition, ordinary wear and tear excepted, and its use complies in all material respects with all applicable Laws.

2.17 INTELLECTUAL PROPERTY RIGHTS. Carpenter has interests in or uses, and immediately after giving effect to the Contribution, the Company will have interests in or use, the Intellectual Property disclosed in SECTION 2.17 OF THE DISCLOSURE SCHEDULE, each item of which Carpenter has, and immediately after giving effect to the Contribution, the Company will have either all right, title and interest in or a valid and binding license to use. No other Intellectual Property is used or necessary in the conduct of the business conducted or to be conducted by the Company or in the conduct of the corresponding business conducted by Carpenter as of the date hereof. Except as disclosed in SECTION 2.17 OF THE DISCLOSURE SCHEDULE, (i) Carpenter has, and immediately after giving effect to the Contribution the Company will have, the right to use the Intellectual Property disclosed therein, (ii) all registrations with and applications to Governmental or Regulatory Authorities on behalf of Carpenter or the Company in respect of such Intellectual Property are valid and in full force and effect and are not subject to the payment of any Taxes or maintenance fees or the taking of any other actions by Carpenter or the Company to maintain their validity or effectiveness, (iii) there are no restrictions on the direct or indirect transfer of any license, or any interest therein, held by Carpenter or the Company in respect of such Intellectual Property, (iv) the Owners and Carpenter have made available to each Investor prior to the execution of

this Agreement all documentation in their possession with respect to any invention, process, design, computer program or other know-how or trade secret included in such Intellectual Property, which documentation is accurate in all material respects and reasonably sufficient in detail and content to identify and explain such invention, process, design, computer program or other know-how or trade secret, (v) Carpenter and its predecessors have taken reasonable security measures to protect the secrecy, confidentiality and value of the trade secrets included in such Intellectual Property, (vi) none of Carpenter or the Company is, and none of CMI, Carpenter or the Company has received any notice that it is, in

default (or with the giving of notice or lapse of time or both, would be in default) under any license to use such Intellectual Property and (vii) none of Carpenter, the Company or the Owners has any knowledge that such Intellectual Property is being infringed by any other Person. Carpenter is not infringing, to the best knowledge of Carpenter, the Company and the Owners, any Intellectual Property of any other Person, and no claim is pending or, to the best knowledge of Carpenter, the Company and the Owners, has been threatened to such effect (or with respect to any infringement on the part of CMI).

2.18 CONTRACTS. (a) SECTION 2.18(A) OF THE DISCLOSURE SCHEDULE (with paragraph references corresponding to those set forth below) contains a true and complete list of each of the following Contracts or other arrangements (true and complete copies or, if none, reasonably complete and accurate written descriptions of which, together with all amendments and supplements thereto and all waivers of any terms thereof, have been made available to each Investor prior to the execution of this Agreement), to which Carpenter is a party or by which any of its Assets and Properties is bound:

(i) (A) all Contracts (excluding Benefit Plans) providing for a commitment of employment or with consultants for a specified or unspecified term other than any such Contract involving aggregate payments of not more than $50,000 (whether in cash, securities or other property) in each calendar year; and (B) any written or unwritten representations, commitments, promises, communications or courses of conduct involving an obligation of Carpenter to make payments (with or without notice, passage of time or both) to any Person in connection with, or as a consequence of, the transactions contemplated hereby or to any employee who is disclosed on SECTION 2.22(A) OF THE DISCLOSURE SCHEDULE, other than with respect to salary or incentive compensation payments in the ordinary course of business, consistent with past practice;

(ii) all Contracts with any Person containing any provision or covenant prohibiting or limiting the ability of Carpenter to engage in any business activity or compete with any Person or prohibiting or limiting the ability of any Person to compete with Carpenter;

(iii) all partnership, limited liability company, joint venture, shareholders' or other similar Contracts with any Person;

(iv) all Contracts evidencing Indebtedness of Carpenter;

(v) all Contracts (A) with independent contractors, distributors, dealers, manufacturers' representatives, sales agencies or franchisees, (B) with aggregators, manufacturers and equipment vendors, and (C) with respect to the sale of services, products or both to customers, other than any such Contract pursuant to which neither Carpenter nor any other Person will, or is or could be required to, make aggregate payments in excess of $50,000 in any calendar year or aggregate payments in excess of $250,000 during the term of the Contract (in each case whether in cash, securities or other property);

(vi) all guarantees by other Persons of any Indebtedness or other obligations of Carpenter, and all guarantees by Carpenter of any Indebtedness or other obligations of other Persons;

(vii) all Contracts relating to (A) the future disposition or acquisition of any Assets and Properties, other than dispositions or acquisitions in the ordinary course of business consistent with past practice and the provisions of this Agreement, and (B) any Business Combination;

(viii) all executory Contracts between or among Carpenter, on the one

hand, and any Owner, any current or former officer, director, Affiliate or Associate of CMI or Carpenter, or any Associate of any such officer, director or Affiliate, on the other hand, other than Contracts disclosed pursuant to Section 2.18(a)(i);

(ix) all collective bargaining or similar labor Contracts;

(x) all Contracts that (A) limit or contain restrictions on the ability of Carpenter to declare or pay dividends on, to make any other distribution in respect of or to issue or purchase, redeem or otherwise acquire its equity interests, to incur Indebtedness, to incur or suffer to exist any Lien, to purchase or sell any Assets and Properties, to change the lines of business in which it participates or engages or to engage in any Business Combination or (B) require Carpenter to maintain specified financial ratios or levels of net worth or other indicia of financial condition; and

(xi) all other Contracts not otherwise required to be disclosed in SECTION 2.18(A) OF THE DISCLOSURE SCHEDULE which are material to the Business or Condition of Carpenter (including the CII Stock Purchase Agreement and the Richmond Acquisition Agreement) and all powers of attorney or comparable delegations of authority.

(b) Each Contract required to be disclosed in SECTION 2.18(A) OF THE DISCLOSURE SCHEDULE is in full force and effect and constitutes a legal, valid and binding agreement, enforceable in accordance with its terms, of each party thereto, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity; and except as disclosed in SECTION 2.18(B) OF THE DISCLOSURE SCHEDULE, neither Carpenter nor, to the best knowledge of Carpenter, the Company and the Owners, any other party to any such Contract is, or has received notice that it is, in violation or breach of or default under any such Contract (or with notice or lapse of time or both, would be in violation or breach of or default under any such Contract).

(c) To the knowledge of the Owners, Carpenter and the Company, Carpenter is not a party to or bound by any Contract that has been or could reasonably be expected to be, individually or in the aggregate with any other such Contracts, materially adverse to the Business or Condition of Carpenter or the Company or which has resulted or could reasonably be expected to result, individually or in the aggregate with any such other Contracts, in a loss to Carpenter or the Company (alone or together) in excess of $100,000.

2.19 LICENSES. SECTION 2.19 OF THE DISCLOSURE SCHEDULE contains a true and complete list of all Licenses used in and material to the business or operations of Carpenter or the Company, setting forth the owner, the function and the expiration and renewal date of each. Prior to the execution of this Agreement, the Owners have made available to each Investor true and complete copies of all such Licenses. Except as disclosed in SECTION 2.19 OF THE DISCLOSURE SCHEDULE:

(a) each of Carpenter and the Company owns or validly holds, and after giving effect to the Contribution the Company will own or validly hold, all Licenses that are material to its business or operations;

(b) each License listed in SECTION 2.19 OF THE DISCLOSURE SCHEDULE is valid, binding and in full force and effect; and

(c) neither Carpenter nor the Company is, or has received any notice that it is, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License.

2.20 INSURANCE. SECTION 2.20(A) OF THE DISCLOSURE SCHEDULE

contains a true and complete list (including the names and addresses of the insurers, the expiration dates thereof, the annual premiums and payment terms thereof and a brief description of the interests insured thereby) of all liability, property, workers' compensation, directors' and officers' liability and other insurance policies currently in effect that insure the business, operations or employees of Carpenter or the Company or affect or

relate to the ownership, use or operation of any of the Assets and Properties of Carpenter or the Company and that (i) have been issued to Carpenter or the Company or (ii) have been issued to any Person (other than Carpenter or the Company) for the benefit of Carpenter or the Company. The insurance coverage provided by the policies described in clauses (i) and (ii) above with respect to Carpenter will not terminate or lapse by reason of the transactions contemplated by this Agreement and, from and after the Closing, the Company will succeed to all of Carpenter's rights and benefits thereunder. Each policy listed in SECTION 2.20 OF THE DISCLOSURE SCHEDULE is valid and binding and in full force and effect (and will be in full force and effect with respect to the Company, after giving effect to the Contribution), all premiums due thereunder have been paid when due and none of Carpenter, the Company or the Person to whom such policy has been issued has received any notice of cancellation or termination in respect of such policy or is in default thereunder, and none of Carpenter, the Company or any Owner knows of any reason or state of facts that could lead to the cancellation of such policy. Except as disclosed in SECTION 2.12 OF THE DISCLOSURE SCHEDULE, there have not been any claims made during the past year or which are pending which, individually or in the aggregate with any such other claims, are in excess of $100,000 under any insurance policies covering Carpenter or the Company. Neither Carpenter nor the Company has received notice that any insurer under any policy referred to in this Section 2.20 is denying liability with respect to a claim thereunder or defending under a reservation of rights clause.

2.21 AFFILIATE TRANSACTIONS. (a) Except as disclosed in SECTION 2.21(A) OF THE DISCLOSURE SCHEDULE, (i) there are not any and during the preceding two years there have not been any Liabilities between CMI, Carpenter or the Company, on the one hand, and any Owner, any current (or, to the best knowledge of the Owners, Carpenter and the Company, former) officer, director, member, Affiliate or Associate of CMI, Carpenter or the Company, or any Associate of any such officer, director, member or Affiliate, on the other hand, (ii) none of the Owners or any such current (or, to the best knowledge of the Owners, Carpenter and the Company, former) officers, directors, members, Affiliates or Associates provides or causes to be provided or during the preceding two years provided or caused to be provided any assets, services or facilities to CMI, Carpenter or the Company, (iii) none of CMI, Carpenter or the Company provides or causes to be provided or during the preceding two years provided or caused to be provided any assets, services or facilities to any Owner or any such current (or, to the best knowledge of the Owners, Carpenter and the Company, former) officer, director, member, Affiliate or Associate and (iv) none of CMI, Carpenter or the Company beneficially owns, directly or indirectly, any Investment Assets of any such current (or, to the best knowledge of the Owners, Carpenter and the Company, former) Affiliate or Associate.

(b) Except as disclosed in SECTION 2.21(B) OF THE DISCLOSURE SCHEDULE, each of the Liabilities and transactions listed in SECTION 2.21(A) OF THE DISCLOSURE SCHEDULE was incurred or engaged in, as the case may be, on an arm's-length basis on competitive terms.

2.22 EMPLOYEES; LABOR RELATIONS. (a) SECTION 2.22(A) OF THE

DISCLOSURE SCHEDULE contains a list of the name of each officer and key employee, consultant and independent contractor, other than any salesperson whose total annual compensation package is less than $100,000, of Carpenter, together with each such person's position or function, annual base salary or wages and any incentive or bonus arrangement with respect to such person.

(b) Except as disclosed in SECTION 2.22(B) OF THE DISCLOSURE SCHEDULE, (i) no employee of Carpenter is presently a member of a collective bargaining unit and, to the best knowledge of Carpenter, the Company and the Owners, there are no threatened or contemplated attempts to organize for collective bargaining purposes any of the employees of Carpenter and (ii) no unfair labor practice complaint or sex or age discrimination claim has been brought against CMI or Carpenter before the National Labor Relations Board or any other Governmental or Regulatory Authority. There has been no work stoppage, strike or other concerted action by employees of CMI or Carpenter. Since October 31, 1991, each of CMI, Carpenter and the Company has complied in all material respects with all applicable Laws relating to the employment of labor, including those relating to wages, hours and collective bargaining.

2.23 ENVIRONMENTAL MATTERS. Except as disclosed in Section 2.23 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) Except for the Title V air permit for the Richmond Facility (the "Title V Permit"), Carpenter has obtained and holds, and after giving effect to the Contribution the Company will hold, all Environmental Permits which are required in respect of its business, operations or Assets and Properties under applicable Environmental Laws, other than those Environmental Permits so required in respect of the Company (i) which cannot be obtained or transferred prior to the Closing and that will not result in a material adverse effect on the Company, (ii) the absence of which on the Closing Date will not have a material adverse effect on the Business or Condition of the Company and (iii) which the Owners, Carpenter and the Company have no reason to believe cannot or will not be obtained promptly following the Closing in the ordinary course of the Company's business. Carpenter has duly applied for the Title V Permit on its own behalf and on behalf of the Company, and the Owners, Carpenter and the Company have no reason to believe that the Title V Permit cannot or will not be obtained promptly following the Closing in the ordinary course of the Company's business.

(b) Each of Carpenter and the Company is, and after giving effect to the Contribution the Company will be, in compliance with all terms, conditions and provisions of all applicable (i) Environmental Permits and (ii) Environmental Laws.

(c) There are no past, pending or threatened Environmental Claims against CMI, Carpenter or the Company, and none of Carpenter, the Company or the Owners is aware of any facts or circumstances which could reasonably be expected to form the basis for any Environmental Claim against Carpenter or the Company.

(d) No Releases of Hazardous Materials have occurred at, from, in, to, on or under any Site and no Hazardous Materials are present in, on or about or migrating from or (to the knowledge of the Owners, Carpenter and the Company) to any Site that could give rise to an Environmental Claim against Carpenter or the Company.

(e) None of Carpenter, the Company, any predecessor of Carpenter or the Company, or any entity previously owned by CMI, Carpenter or the Company has transported, or arranged for the treatment, storage, handling, disposal or transportation of, any Hazardous Material at or to any off-Site location which could reasonably be expected to result in an Environmental

Claim against Carpenter or the Company.

(f) No Site is a current, or to the knowledge of Carpenter, the Company and the Owners, a proposed Environmental Clean-up Site.

(g) There are no Liens (other than Permitted Liens) arising under or pursuant to any Environmental Law on any Site, and none of Carpenter, the Company or the Owners is aware of any facts, circumstances or conditions that could reasonably be expected to restrict, encumber or result in the imposition of special conditions under any Environmental Law with respect to the ownership, occupancy, development, use or transferability of any Site.

(h) There are not currently or formerly, (a) underground storage tanks, active or abandoned, (b) polychlorinated biphenyl containing equipment or (c) asbestos-containing material at any Site.

(i) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or on behalf of, or which are in the possession of, Carpenter, the Company, any Owner or their respective Affiliates with respect to any Site which have not been made available to each Investor prior to execution of this Agreement.

2.24 SUBSTANTIAL CUSTOMERS AND SUPPLIERS. SECTION 2.24(A) OF THE DISCLOSURE SCHEDULE lists the 10 largest customers of CMI on the basis of revenues for goods sold or services provided for its most recent full

fiscal year. SECTION 2.24(B) OF THE DISCLOSURE SCHEDULE lists the 10 largest suppliers of CMI on the basis of cost of goods or services purchased for its most recent full fiscal year. Except as disclosed in SECTION 2.24(C) OF THE DISCLOSURE SCHEDULE, no such customer or supplier has ceased or materially reduced its purchases from or sales or provision of services to CMI or Carpenter since the Audited Financial Statement Date, or to the best knowledge of Carpenter, the Company and the Owners has threatened to cease or materially reduce such purchases or sales or provision of services after the date hereof. Except as disclosed in SECTION 2.24(D) OF THE DISCLOSURE SCHEDULE, to the best knowledge of Carpenter, the Company and the Owners, no such customer or supplier is threatened with bankruptcy or insolvency.

2.25 OTHER NEGOTIATIONS; BROKERS. None of the Owners, CMI, Carpenter, the Company or any of their respective Affiliates (nor any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of CMI, Carpenter, the Company, any Owner or any such Affiliate) (i) has entered into any agreement that conflicts with any of the transactions contemplated by this Agreement or any of the Operative Agreements or (ii) has entered into any agreement or had any discussions with any third party regarding any transaction involving CMI, Carpenter or the Company which could result in any Investor, any of its general or limited partners or any officer, director, employee, agent, Affiliate or Associate of any Investor or any such general or limited partner being subject to any claim for liability to said third party in connection with this Agreement or any Operative Agreement or the consummation of any of the transactions contemplated hereby or thereby. Except for Robert Mann, whose fees and expenses will be paid by the Company and will not exceed $200,000 under any circumstances, no agent, broker, finder, investment banker, financial advisor or other similar Person will be entitled to any fee, commission or other compensation in connection with any of the transactions contemplated by this Agreement or any Operative Agreement on the basis of any act or statement made or alleged to have been made by any Owner, CMI, Carpenter, the Company, any of their respective Affiliates or Associates, or any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of any Owner, CMI, Carpenter, the Company or any such Affiliate or Associate.

2.26 REGISTRATION RIGHTS. Except as disclosed in SECTION 2.26 OF THE DISCLOSURE SCHEDULE and except for the Registration Rights Agreement, neither Carpenter nor the Company has granted registration rights to any holder of any of the securities of Carpenter or the Company.

2.27 EXEMPTION FROM REGISTRATION; RESTRICTIONS ON OFFER AND SALE OF SAME OR SIMILAR SECURITIES. Assuming the representations and warranties set forth in Section 3.3 are true and correct in all material respects with respect to each Investor, the offer and sale of the Purchased Stock made

pursuant to this Agreement is exempt from the registration requirements of the Securities Act. None of the Owners, Carpenter, the Company or any Person authorized to act on behalf of any of them has, in connection with the offering of the Purchased Stock, engaged in (A) any form of general solicitation or general advertising (as those terms are used within the meaning of Rule 501(c) under the Securities Act), (B) any action involving a public offering within the meaning of Section 4(2) of the Securities Act or (C) any action that would require the registration under the Securities Act of the offering and sale of Purchased Stock pursuant to this Agreement or that would violate applicable state securities or "blue sky" laws. None of the Owners, Carpenter, the Company or any Person authorized to act on behalf of any of them has made or will prior to the Closing make, directly or indirectly, any offer or sale of Purchased Stock or of securities of the same or a similar class as the Purchased Stock if as a result any offer and sale of Purchased Stock contemplated hereby could fail to be entitled to exemption from the registration requirements of the Securities Act. As used herein, the terms "offer" and "sale" have the meanings specified in Section 2(3) of the Securities Act.

2.28 DISCLOSURE. To the knowledge of the Owners, Carpenter and the Company after due inquiry, all material facts regarding the Business or Condition of Carpenter or the Company have been disclosed to each Investor in or in connection with this Agreement. No representation or warranty on the part of Carpenter, the Company or any Owner contained in this Agreement, and no statement contained in the Disclosure Schedule or in any certificate, list or other writing furnished to any Investor pursuant to any provision of this Agreement or any Operative Agreement, including pursuant to Article VI hereof, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

2.29 HOLDING COMPANY ACT AND INVESTMENT COMPANY ACT STATUS. Neither Carpenter nor the Company is a "holding company" or a "public utility company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. Neither Carpenter nor the Company is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

2.30 CORPORATE GOVERNANCE. The Owners have taken or caused to be taken all necessary action to cause, as of the Closing, the Company's board of directors to consist of, and at the Closing the Company's board of directors will consist of, the following six persons: George Sztykiel, Anthony G. Sommer, Joseph J. Finn-Egan, Jeffrey A. Lipkin, Dr. SerVaas and Timothy S. Durham.

2.31 PROJECTIONS. The projections of the Company contained in SCHEDULE 2.31 are mathematically accurate, are based on reasonable

assumptions as of the date hereof, have been prepared by Carpenter in good faith and, except as set forth in SECTION 2.31 OF THE DISCLOSURE SCHEDULE,

represent the good faith estimate of the Owners, Carpenter and the Company of the most probable course of the business of the Company (after giving effect, in all material respects, to the Restructuring Transactions, the Contribution and the Closing).

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor, severally and not jointly, represents and warrants to the Company, with respect to such Investor only, as follows:

3.1 ORGANIZATION; POWER AND AUTHORITY. Such Investor is (a) in the case of REI II, a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware or (b) in the case of Spartan, a corporation duly organized, validly existing and in good standing under the Laws of the State of Michigan. Such Investor has the requisite power and authority to execute and deliver this Agreement and the Operative Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by such Investor of this Agreement and the Operative Agreements to which it is a party and the performance by such Investor of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary action on the part of (i) in the case of REI II, the general partner of REI II, or (ii) in the case of Spartan, the board of directors of Spartan, which action is the only action necessary to authorize the execution, delivery and performance by such Investor of this Agreement and the Operative Agreements to which it is a party. This Agreement has been duly and validly executed and delivered by such Investor and constitutes, and upon the execution and delivery by such Investor thereof, each Operative Agreement to which such Investor is a party will constitute the legal, valid and binding obligation of such Investor enforceable against such Investor in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.

3.2 NO CONFLICTS. The execution, delivery and performance by such Investor of this Agreement and the Operative Agreements to which it is a party, and the consummation by such Investor of the transactions contemplated hereby and thereby, will not conflict with, or constitute a default under, any agreement, indenture or instrument to which such Investor is a party, or result in a violation of (a) (i) in the case of REI II, REI II's agreement of limited partnership, or (ii) in the case of

Spartan, its articles of incorporation or by-laws, or (b) any Order of any Governmental or Regulatory Authority having jurisdiction over such Investor or any of its properties. No consent, approval or action of, or filing or registration with, any Governmental or Regulatory Authority is required on the part of such Investor for its execution, delivery and performance of this Agreement.

3.3 PURCHASE FOR INVESTMENT. The Purchased Stock being purchased by such Investor hereunder will be purchased by such Investor for its own account for the purpose of investment and not with a view to the resale or distribution of all or any part of such Purchased Stock in violation of the Securities Act, it being understood that the right to dispose of such Purchased Stock shall be entirely within the discretion of such Investor. Such Investor represents and warrants that it is an "accredited investor" as such term is defined in Rule 501 of Regulation D of the Securities Act. Such Investor understands that the certificates for the shares of Purchased Stock to be issued to it have not been registered under the Securities Act in reliance on an exemption therefrom under Section 4(2) of the Securities

Act and Regulation D thereunder and that such certificates shall bear the following legend:

> "THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (ii) AN APPLICABLE EXEMPTION FROM REGISTRATION THEREUNDER."

The Company shall remove such legend upon receipt of an opinion from counsel to such Investor, reasonably satisfactory in form and substance to counsel to the Company, that the requirements for such legend have terminated.

3.4 BROKERS. Except (in the case of REI II) for Mesirow Financial Services Inc., whose fees and expenses will be paid by REI II subject to reimbursement in accordance with Section 12.3, and (in the case of Spartan) for Roney & Co., whose fees and expenses will be paid by Spartan subject to reimbursement in accordance with Section 12.3, no agent, broker, finder, investment banker, financial advisor or other similar Person will be entitled to any fee, commission or other compensation in connection with any of the transactions contemplated by this Agreement or any Operative Agreement on the basis of any act or statement made by such Investor.

ARTICLE IV

COVENANTS OF THE OWNERS, CARPENTER AND THE COMPANY

Each of the Owners, Carpenter and the Company jointly and severally covenants and agrees with each Investor that, at all times from

and after the date hereof and until the Closing and, with respect to any covenant or agreement by its terms to be performed in whole or in part after the Closing, for the period specified herein or, if no period is specified herein, indefinitely, each of the Owners, Carpenter and the Company will comply with all applicable covenants and provisions of this Article IV, except to the extent that the Investors may otherwise consent in writing.

4.1 REGULATORY AND OTHER APPROVALS. Each of the Owners, Carpenter and the Company will (a) take all necessary or desirable steps and proceed diligently and in good faith and use its best efforts, as promptly as practicable, to obtain all consents, approvals or actions of, to make all filings with and to give all notices to, Governmental or Regulatory Authorities and other Persons required of such Owner, Carpenter or the Company (as the case may be) to consummate the transactions contemplated hereby and by the Operative Agreements, including those required in connection with the Contribution and the Restructuring Transactions and those described in SECTIONS 2.5 AND 2.6 OF THE DISCLOSURE SCHEDULE, (b) provide such other information and communications to such Governmental or Regulatory Authorities and other Persons as any Investor or any such Governmental or Regulatory Authority or other Person may reasonably request and (c) cooperate with each Investor as promptly as practicable in obtaining all consents, approvals or actions of, making all filings with and giving all notices to, Governmental or Regulatory Authorities and other Persons required of such Investor to consummate the transactions contemplated hereby and by the Operative Agreements. Carpenter or the Company will provide prompt notification to each Investor when any such consent, approval, action, filing or notice referred to in clause (a) above is obtained, taken, made or given, as applicable, and will advise each Investor of any communications (and, unless precluded by Law, provide each Investor with copies of any such communications that are in writing) with any Governmental or Regulatory Authority or other Person regarding any of the transactions contemplated by this Agreement or any of the Operative Agreements.

4.2 INVESTIGATION BY INVESTORS. From the date hereof until the Closing, each of Carpenter and the Company will, and thereafter for so long as an Investor owns any Purchased Stock or other equity interests in the Company, the Company will, (a) provide such Investor and its officers, employees, agents, counsel, accountants, financial advisors, consultants and other representatives (together "Representatives") with full access, upon reasonable prior notice and during normal business hours, to its and its Subsidiaries' respective directors, officers, employees, agents and accountants, its and its Subsidiaries' Assets and Properties and its and its Subsidiaries' Books and Records, and (b) furnish such Investor and such Representatives with all such information and data (including without limitation copies of Contracts, Benefit Plans and other Books and Records) concerning, its and its Subsidiaries' business and operations as such

Investor or any of such other Representatives reasonably may request in connection with such investigation. Prior to the Closing, all information and documents reviewed or obtained by an Investor pertaining to Carpenter or the Company shall be subject to (i) in the case of REI II, the Confidentiality Agreement dated September 17, 1996, between REI II and Carpenter, as the same may be amended from time to time, or (ii) in the case of Spartan, the Confidentiality Agreement dated October 29, 1996, between Spartan and Carpenter, as the same may be amended from time to time. Nothing contained in this Section 4.2, and no investigation by or disclosure to any Investor, shall affect the survival of or modify, limit or create any exception to the representations, warranties, covenants, agreements and indemnities of Carpenter, the Company or any Owner hereunder or the conditions to the obligations of any Investor to close as set forth in Article VI hereof.

4.3 NO SOLICITATIONS. From the date hereof until the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Article X hereof, none of the Owners, Carpenter or the Company will take, or will permit any Affiliate or Associate of any of them to take (nor will any Owner, Carpenter, the Company or any Affiliate or Associate of any of them authorize or permit any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf or any Owner, Carpenter, the Company or any such Affiliate or Associate to take), directly or indirectly, any action to initiate, assist, solicit, receive, negotiate, encourage or accept any offer or inquiry from any Person (i) to engage in any Business Combination or other transaction inconsistent with this Agreement with respect to Carpenter or the Company, (ii) to reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent or conditional) for, or otherwise attempt to consummate, any Business Combination or other transaction inconsistent with this Agreement with respect to Carpenter or the Company, or (iii) to furnish or cause to be furnished any information with respect to Carpenter or the Company to any Person (other than as contemplated by Section 4.2) who any Owner, Carpenter, the Company, or any Affiliate or Associate of any of them (or any such Person acting for or on behalf thereof) knows or has reason to believe is in the process of, or may be, considering any Business Combination with respect to Carpenter or the Company. If any Owner, Carpenter, the Company or any such Affiliate or Associate (or any such Person acting for or on behalf thereof) receives from any Person (other than an Investor or any of its Representatives, in each case in its capacity as such) any offer, inquiry or informational request referred to in this Section 4.3, Carpenter or the Company will promptly advise such Person, by written notice, of the terms of this Section 4.3 and will promptly, orally and in writing, advise each Investor of all the terms of such offer, inquiry or request (including the identity of the Person making such offer, inquiry or request) and deliver a copy of such notice to each Investor.

4.4 CONDUCT OF BUSINESS. Except for the Restructuring Transactions, the Contribution and Carpenter's ongoing effort to complete work on Semi-Finished Buses (including the effect of such effort on other production), between the date hereof and the Closing Date, Carpenter and the Company will conduct business only in the ordinary course consistent with past practice and the terms of this Agreement. Without limiting the generality of the foregoing, the Owners, Carpenter and (in the case of clauses (b) and (d) below) the Company will:

(a) use their commercially reasonable efforts to (i) preserve intact the present business organization and reputation of Carpenter, (ii) keep available (subject to dismissals and retirements in the ordinary course of business consistent with past practice) the services of the present officers, employees and consultants of Carpenter, (iii) maintain the Assets and Properties of Carpenter in good working order and condition, ordinary wear and tear excepted, (iv) maintain the good will of customers, suppliers, lenders and other Persons with whom Carpenter otherwise has significant business relationships and (v) other than with respect to the Shuttle Bus Business, continue all current sales, marketing and promotional activities relating to the business and operations of Carpenter;

(b) except to the extent required by applicable Law, cause the Books and Records to be maintained in the usual, regular and ordinary manner;

(c) use their commercially reasonable efforts to maintain in full force and effect substantially the same levels of coverage as the insurance afforded under the policies listed in SECTION 2.20 OF THE DISCLOSURE SCHEDULE;

(d) comply in all material respects with all Laws and Orders applicable to the business and operations of Carpenter and the Company, and promptly following receipt thereof give Investor copies of any notice received from any Governmental or Regulatory Authority or other Person alleging any violation of any such Law or Order;

(e) administer each Benefit Plan, or cause the same to be administered, in all material respects in accordance with the applicable provisions of the Code, ERISA and all other applicable Laws; and

(f) promptly notify each Investor in writing of each receipt by Carpenter or any Owner (and furnish each Investor with copies) of any notice of investigation or administrative proceeding by the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation or any other Person involving any Benefit Plan.

4.5 FINANCIAL STATEMENTS AND REPORTS; FISCAL YEAR.

(a) From the date hereof until the Closing and thereafter for so long as an Investor, any partner of such Investor, or any Affiliate or Associate of such Investor or any such partner owns any Purchased Stock or other Common Stock (or any other securities issued in respect thereof), (b) as promptly as practicable, and in no event later than the presentation of the following materials to Carpenter's or the Company's management, Carpenter (prior to the Closing) and the Company will deliver to such Investor true and complete copies of all financial statements, reports and analyses as may be prepared or received by Carpenter, the Company or any Subsidiary of the Company relating to the business or operations of Carpenter, the Company or any such Subsidiary or as such Investor may otherwise reasonably request and (c) Carpenter

and the Company will not change their respective fiscal years; PROVIDED, HOWEVER, that this Section 4.5 shall apply to Carpenter (i) in the case of clause (a) above, during the period from the date hereof until the Closing only and (ii) in the case of a change in Carpenter's fiscal year effected after the Closing Date, only if such change would affect any of the Company's fiscal periods (or portions thereof) ending before or after the Closing.

(b) Without limiting the generality of paragraph (a) above, Carpenter shall prepare and deliver to each Investor, at least two Business Days prior to the Closing Date, true and complete copies of an unaudited balance sheet for Carpenter as of November 30, 1996, and the related unaudited statements of operations and accumulated deficit (collectively, the "November 30 Financial Statements"). The Owners and Carpenter agree that the November 30 Financial Statements shall be prepared in good faith to present accurately, in all material respects, the financial condition of Carpenter as of November 30, 1996 and the results of operations of Carpenter for the month ended November 30, 1996. Carpenter shall make available to each Investor and its accountants prior to the Closing all work papers and related data used in connection with the preparation of the November 30 Financial Statements.

4.6 CERTAIN RESTRICTIONS. (a) From the date hereof through the Closing, each of Carpenter and the Company (and, in the case of clause (iv) below, the Owners) will refrain from:

(i) amending its certificate or articles of organization or incorporation, operating agreement or by-laws (or other comparable charter documents), including the Charter Documents, or taking any action with respect to any such amendment or any reorganization, liquidation or dissolution of Carpenter or the Company, except that Carpenter may amend its operating agreement to the extent necessary to

appoint officers and authorize such officers to execute documents on behalf of Carpenter in connection with the transactions contemplated hereby;

(ii) in the case of Carpenter, except as disclosed in SECTION 2.9 OF THE DISCLOSURE SCHEDULE, taking any of the actions listed in Section 2.9;

(iii) violating, breaching, or defaulting under, in any material respect, or taking or failing to take any action that (with or without notice or lapse of time or both) would constitute a material violation or breach of, or default under, any term or provision of any License held or used by it or any Contract required to be disclosed in SECTION 2.18(A) OF THE DISCLOSURE SCHEDULE;

(iv) (A) taking or agreeing or committing to take, or omitting or agreeing or committing to omit, any action that would make any representation or warranty contained in Article IV inaccurate in any material respect; and (B) taking any action or course of action inconsistent with compliance with the covenants and agreements of any Owner, Carpenter or the Company herein or which might adversely affect the interests of any Investor hereunder; and

(v) entering into any agreement to do or engage in any of the foregoing.

(b) Prior to the Closing, the Company will not conduct any business, incur any Liabilities (whether contingent or otherwise), enter into any Contract (other than this Agreement, the Operative Agreements and any Contract that (i) is furnished to and approved by each Investor before

being entered into by the Company and (ii) is entered into by the Company either as part of the Restructuring Transactions described in clause (c) of Section 4.9 or in obtaining the written instruments relating to the Wayne Bank revolving credit facility contemplated by Section 6.6), acquire any Assets and Properties or hire any employees, except for any Assets and Properties, Liabilities and Contracts contributed to or assumed by it on the Closing Date pursuant to the Contribution Agreement.

4.7 AFFILIATE TRANSACTIONS. Except for the termination and cancellation of certain Indebtedness and lease obligations between Carpenter, on the one hand, and certain of the Owners or their respective Affiliates, on the other hand, as part of the Restructuring Transactions, prior to the Closing, neither Carpenter nor the Company will enter into any Contract or amend or modify any existing Contract with any Owner, any current or former officer, director, Affiliate or Associate of CMI, Carpenter or the Company, or any Associate of any such officer, director or Affiliate, in each case except with the consent of each Investor.

4.8 NOTICE AND CURE. Carpenter or the Company will notify each Investor promptly in writing of, and contemporaneously will provide each Investor with true and complete copies of any and all information or documents relating to, and the Owners, Carpenter and the Company will use all commercially reasonable efforts to cure before the Closing, any event, transaction or circumstance occurring after the date of this Agreement that causes or will cause any covenant or agreement of any Owner, Carpenter or the Company under this Agreement to be breached or that renders or will render untrue any representation or warranty of any Owner, Carpenter or the Company contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. Carpenter or the Company also will notify each Investor promptly in writing of, and the Owners, Carpenter and the Company will use their best efforts to cure before the Closing, any violation or breach of any representation, warranty, covenant or agreement made by any Owner, Carpenter or the Company contained in this Agreement, whether occurring or arising before, on or after the date of this Agreement, PROVIDED that any such violation or breach that is not cured prior to the Closing may be waived prior to the Closing by means of a written waiver executed by each Investor. No notice given pursuant to this Section 4.8 shall have any effect on the representations, warranties, covenants and agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit any Investor's right to seek indemnity under Article IX.

4.9 RESTRUCTURING TRANSACTIONS. Without limiting the Owners', Carpenter's or the Company's obligations under any other provision of this Agreement, the Owners, Carpenter and the Company shall adopt all such resolutions, enter into all such agreements, make all such filings and take or cause to be taken all such other actions, all in form and substance satisfactory to each Investor, as are necessary to effectuate as promptly as practicable (and in any event prior to the Closing):

(a) the cancellation (by contribution to the capital of Carpenter) of all Indebtedness owed by Carpenter to any of its Affiliates and the release of Carpenter and the Company from any Liabilities in respect thereof, other than: (i) subject to clause (A) below, the aggregate principal amount of all advances made by Curtis to Carpenter after September 1, 1996; PROVIDED, HOWEVER, that the Indebtedness referred to in this clause (i) shall be evidenced solely by a promissory note issued by the Company to Curtis on the Closing Date on the following terms: (A) the original principal amount of such note shall equal Carpenter's good faith estimate of the Net Contribution Amount for the period beginning on September 1, 1996 and ending on the Closing Date, and shall be adjusted (effective as of the Closing Date) to reflect the final determination of such Net

Contribution Amount pursuant to Section 5.5; (B) the maturity date of such note shall be the first Business Day following the date on which

such Net Contribution Amount is finally determined pursuant to Section 5.5; (C) the principal amount of such note may be prepaid at any time and from time to time, in whole or in part, without penalty; (D) interest on the unpaid principal amount of such note shall accrue, at a rate per annum equal to the prime rate, from and after the last day of the seven-day period referred to in Section 5.5(c); (E) interest on overdue amounts shall accrue at a rate per annum equal to the prime rate plus 3%; (F) such note shall not be transferrable other than to Carpenter; and (G) such note shall contain such other terms as the Company's other Lenders reasonably require (such note, the "New Curtis Note"); (ii) Indebtedness owed by Carpenter to Timothy S. Durham in an aggregate principal amount not exceeding $36,000, which Indebtedness (together with any accrued but unpaid interest thereon) shall be repaid as provided in Section 4.13; and (iii) any Indebtedness under the leases identified in the parenthetical in subparagraph (b) below;

(b) the cancellation and termination of, and the release of Carpenter and the Company from any Liabilities in respect of, all leases between Carpenter (as lessee), on the one hand, and any of its Affiliates, on the other hand (other than (i) subleases covering equipment leased to the relevant Affiliate by CIT (as disclosed in SECTION 2.18(A)(IV)(M) OF THE DISCLOSURE SCHEDULE), (ii) the lease of office space from SerVaas Management, Inc. (as disclosed in SECTION 2.15(A)(2) OF THE DISCLOSURE SCHEDULE) and (iii) the lease from SerVaas, Inc. of the building at 145 North 30th Street in Richmond, Indiana (as disclosed in SECTION 2.15(A)(2) OF THE DISCLOSURE SCHEDULE); and

(c) the restructuring of the agreements relating the Newcourt inventory financing arrangement to provide that, from and after the Closing, (i) the Company shall not have any Liabilities under such agreements in respect of the period prior to the Closing, other than (w) Liabilities in respect of borrowings made under such agreements against Unfinished Buses and Chassis included in the Company's inventory on the Closing Date after giving effect to the Contribution, (x) subject to clause (ii) below, Liabilities in respect of the Unsecured Newcourt Indebtedness, (y) Liabilities in respect of borrowings made under such agreements against non-approved dealer buses that have become Federalled Buses prior to the Closing Date and (z) Liabilities under such agreements in respect of (and equal in amount to) any receivables for Federalled Buses that have been invoiced prior to the Closing Date, (ii) all Liabilities in respect of the Unsecured Newcourt Indebtedness shall be evidenced by a new instrument or agreement executed by the Company, and shall cease to constitute Liabilities under such agreements, (iii) Carpenter shall remain liable for all other Liabilities under such agreements in respect of the period prior to the Closing, including all Liabilities in respect of borrowings made under such agreements against Semi-

Finished Buses included in Carpenter's inventory on the Closing Date, (iv) Carpenter may assign its obligation to repay borrowings (but not any interest which has accrued thereon prior to the date of transfer) in respect of any such Semi-Finished Bus that becomes a Federalled Bus, PROVIDED that such assignment is made in accordance with Section 4.16, and (v) the Company shall have the right to borrow under such agreements on substantially the same terms as are in effect on the date hereof with respect to borrowings thereunder by Carpenter;

(the transactions contemplated by subparagraphs (a) through (c) above being

hereinafter collectively referred to as the "Restructuring Transactions"). Without limiting the generality of the foregoing, except as otherwise expressly provided in the immediately preceding sentence, the Company shall not incur or assume as a result of any of the Restructuring Transactions any Liabilities, whether for Taxes or otherwise, arising or continuing on or after the Closing (other than Liabilities under Section 5.5 below). The Owners, Carpenter and the Company shall (i) inform each Investor on a regular basis as to the status of the Restructuring Transactions and (ii) provide each Investor promptly, but in any event prior to the adoption, execution or filing thereof, with true and complete copies of all resolutions, agreements, filings, certificates and other material documents prepared in connection with any of the Restructuring Transactions.

4.10 FULFILLMENT OF CONDITIONS. Each of the Owners, Carpenter and the Company will take all steps necessary or desirable and use its best efforts to satisfy each condition to the obligations of each Investor contained in this Agreement and will not take or fail to take any action if such action or failure to act could reasonably be expected to result in the nonfulfillment of any such condition.

4.11 VENTURE CAPITAL OPERATING COMPANY STATUS. Without limiting any other right contained herein, REI II shall have the right to consult with and advise the management of the Company and to receive all materials provided to members of the board of directors of the Company so long as may be required to enable REI II to qualify as a "venture capital operating company" within the meaning of Section 2510.3-101 of the plan asset regulations promulgated by the United States Department of Labor (a "VCOC"). In addition, in the event that (i) at any time REI II is not entitled to designate at least one member for election to the board of directors of the Company, or (ii) the United States Department of Labor through formal or informal rules, regulations or interpretations provides, or it is otherwise established through governmental or court action, that such representation does not constitute the exercise of management rights of the kind necessary to enable REI II to continue to qualify as a VCOC, then the Company and REI II shall in good faith negotiate (and Spartan shall, if requested by REI II, consent to) provisions to enable REI II to exercise the minimum amount of such management rights in order to continue to qualify as a VCOC.

4.12 BUSINESS PLAN. Carpenter and the Company shall follow the operating and strategic plan to be delivered to Investor pursuant to Section 6.15 and such plan shall not be amended or modified prior to the Closing without the approval of each of the Owners and the Investors or after Closing without the approval of the Company's board of directors and all approvals then required under the Stockholders' Agreement in connection with such amendment or modification.

4.13 USE OF PROCEEDS. As reflected in the Pro Forma Balance Sheet, the proceeds realized from the sale of the Purchased Stock to the Investors (net of any transaction costs paid or reimbursed by the Company in accordance with Section 12.3) shall be used by the Company as follows: (a) to repay, within one Business Day after the Closing Date, all outstanding loans (together with any accrued but unpaid interest thereon) under the Wayne Bank revolving credit facility; (b) to repay, within one Business Day after the Closing Date, the entire outstanding principal amount (together with any accrued but unpaid interest thereon) under the Harsco inventory note dated June 30, 1995; (c) to repay, within two Business Days after the Closing Date, $2.4 million (as nearly as possible) of outstanding accounts payable; (d) to repay, within one Business Day after the Closing Date, all outstanding loans made by Timothy S. Durham to Carpenter (together with any accrued but unpaid interest thereon); PROVIDED, HOWEVER, that the aggregate amount repaid pursuant to this clause (d) in respect of the principal of such loans shall not in any event exceed $36,000; and (e) in the case of the portion of such proceeds that remains after giving effect to the foregoing provisions of this Section 4.13, for

working capital and general corporate purposes and for the payment of principal of and interest on the New Curtis Note in accordance with the terms thereof and of Section 5.5.

4.14 CHANGE OF NAME. Not later than the close of business on the second Business Day following the Closing Date, Carpenter shall make all filings with Governmental or Regulatory Authorities required to change its name from "Carpenter Industries LLC" to another dissimilar name and shall do or cause to be done all other acts, including the payment of any fees required in connection therewith, to cause such filings to become effective. After the Closing Date, none of Carpenter, the Owners or any of their respective Affiliates shall do business as, or use in the conduct of its businesses or otherwise the name "Carpenter" or any other similar name; PROVIDED, HOWEVER, that the Semi-Finished Buses retained by Carpenter under the Contribution Agreement shall display the name "Carpenter" and any related trademarks in a manner consistent with past practice.

4.15 DELIVERY OF BOOKS AND RECORDS, ETC. On the Closing Date, Carpenter will deliver to the Company at the Richmond Facility (or such other location as the Company may reasonably request) (a) all of the Books and Records relating to the Business or Condition of the Company (after giving effect to the Contribution) and (b) such other Assets and Properties

being contributed to the Company in the Contribution as are in the possession of Carpenter, any Owner or any of their respective Affiliates or Associates at other locations. If at any time after the Closing Carpenter or any Owner discovers in its possession or under its control any other such Books and Records or any other Assets and Properties contributed to the Company in the Contribution, it will forthwith deliver such Books and Records or other Assets to the Company.

4.16 RELOCATION AND COMPLETION OF SEMI-FINISHED BUSES. (a) Carpenter shall use its best efforts to (i) remove from the Richmond Facility all Semi-Finished Buses and related items of tangible personal property that are being retained by Carpenter pursuant to the Contribution Agreement and (ii) transport all such Semi-Finished Buses and tangible personal property to the Mitchell Facility, in each case prior to the Closing Date; PROVIDED, HOWEVER, that all such Semi-Finished Buses shall be so removed and transported within 15 days after the Closing Date. Such removal and transportation shall be at the sole expense and risk of Carpenter; PROVIDED, HOWEVER, that the Owners shall reimburse the Company promptly following the Closing Date for all out-of-pocket expenses incurred by the Company (or, prior to the Closing Date, by Carpenter) in connection therewith. None of the Company or the Investors shall have any liability to Carpenter, any Owner or any other person with respect to such removal or transportation, and the Owners and Carpenter shall jointly and severally indemnify and hold harmless the Company and the Investors from and against any and all Losses resulting from such removal and transportation.

(b) From and after the Closing Date, Carpenter shall diligently and promptly perform, at its own cost and expense and in a manner consistent with Carpenter's and CMI's past practices, all work required to cause each such Semi-Finished Bus to become a Federalled Bus. The Company and its representatives shall be entitled to observe and inspect all such work for the purpose of assuring such Semi-Finished Buses, upon becoming Federalled Buses, will comply with applicable quality and safety standards. Upon the request of Carpenter at any time and from time to time, the Company will lease to Carpenter such equipment as is owned by the Company and then located at the Mitchell Facility for the purpose of enabling Carpenter to complete work on such Semi-Finished Buses. Any such lease shall be on such commercially reasonable terms as are agreed between Carpenter and the Company.

(c) As soon as practicable after any such Semi-Finished Bus has

become a Federalled Bus, Carpenter shall deliver written notice thereof to each of the Company and the requisite lenders under the agreements governing the Newcourt inventory financing arrangement. As promptly as practicable following the receipt of such notice by the Company and such lenders, Carpenter and the Company shall execute and deliver such mutually satisfactory documents as are necessary to contemporaneously (i) transfer

all of Carpenter's right, title and interest in and to such Federalled Bus to the Company, free and clear of all Liens other than those granted by the Company under the Newcourt inventory financing arrangement, (ii) transfer to the Company all of Carpenter's right, title and interest in, to and under any account receivable relating to such Federalled Bus, and all other rights to payment and other rights retained by Carpenter pursuant to the Contribution Agreement in respect of such Federalled Bus, free and clear of all Liens other than those granted by the Company under the Newcourt inventory financing arrangement, and (iii) transfer to the Company all Liabilities of Carpenter in respect of such Federalled Bus under the Newcourt inventory financing arrangement (other than any obligation to pay interest in respect of the period prior to the date of such transfer).

(d) On the 15th day (or the next succeeding Business Day) following the Closing Date, and at the end of each subsequent 15-day period, Carpenter and the Company will compare (i) the principal amount of the Indebtedness transferred to the Company during such period pursuant to clause (c)(iii) above to (ii) the amount of the receivables and other payment rights (as adjusted for any related change orders or discounts) transferred to the Company during such period pursuant to clause (c)(ii) above. In the event that the amount determined pursuant to clause (i) above exceeds the amount determined pursuant to clause (ii) above for any such period, Carpenter will forthwith pay to the Company a cash amount equal to such excess, and in the event that the amount determined pursuant to clause (ii) above exceeds the amount determined pursuant to clause (i) above for any such period, the Company will forthwith pay to Carpenter a cash amount equal to such excess (it being understood that the provisions of paragraph (c) above are intended to be "cash neutral" as between Carpenter and the Company).

(e) In the event that the prospective purchaser of such a Federalled Bus refuses to accept delivery of such Federalled Bus after the Company has used commercially reasonable efforts to effect such delivery, then the Company shall deliver written notice of such refusal to Carpenter and the requisite lenders under the Newcourt inventory financing arrangement as soon as practicable after the occurrence thereof. As promptly as practicable following the receipt of such notice by Carpenter and such lenders, Carpenter and the Company shall execute and deliver such mutually satisfactory documents as are necessary to contemporaneously (i) transfer all of the Company's right, title and interest in and to such Federalled Bus to Carpenter, free and clear of all Liens other than those granted by Carpenter under the Newcourt inventory financing arrangement, (ii) transfer to Carpenter all of the Company's right, title and interest in, to and under any account receivable relating to such Federalled Bus, and all other rights to payment in respect of such Federalled Bus, free and clear of all Liens other than those granted by Carpenter under the Newcourt inventory financing arrangement, and (iii) transfer to Carpenter all Liabilities of the Company in respect of such Federalled Bus under the

Newcourt inventory financing arrangement (other than any obligation to pay interest in respect of the period beginning on the date on which such bus was transferred to the Company pursuant to paragraph (c) above and ending on the date of the transfer pursuant to clause (i) above). As soon as practicable following the transfer of a Federalled Bus to Carpenter pursuant to this paragraph (e), Carpenter shall pay all unpaid Indebtedness

under the Newcourt inventory financing arrangement in respect of such Federalled Bus. Carpenter and the Company shall cooperate with each other in good faith to effect the disposition by Carpenter, in a mutually satisfactory manner, of any Federalled Bus that is transferred to Carpenter pursuant to this paragraph (e).

(f) Within 10 Business Days after the Closing Date, Carpenter shall pay to the Company a cash amount equal to the product of (i) $250 MULTIPLIED BY (ii) the number of Semi-Finished Buses being retained by Carpenter pursuant to the Contribution Agreement (it being understood that such payment will be made in consideration of the Company's assumption under the Contribution Agreement of warranty claims in respect of such Semi-Finished Buses).

4.17 NON-COMPETITION. (a) Each of Carpenter, Dr. SerVaas and the Owners will (and will cause its Affiliates (other than the Company or any Subsidiary thereof) to), for a period of five years from the Closing Date, refrain from (either alone or in conjunction with any other Person, or directly or indirectly):

(i) employing, engaging or seeking to employ or engage any Person who within the prior twelve months had either been an officer of Carpenter or the Company or been otherwise employed in a managerial or administrative position at the Richmond Facility (other than Marc Kennedy or Tania Gardner), in each case unless the employment of such manager, officer or other employee is terminated by the Company after the Closing Date;

(ii) causing or attempting to cause (x) any client, customer or supplier of the Company following the Closing to terminate or materially reduce its business with the Company or any of its respective Subsidiaries or (y) any officer, manager, other employee or consultant of the Company or any of its Subsidiaries to resign from or sever a relationship with the Company or any of its Subsidiaries; or

(iii) participating or engaging anywhere in the United States or Canada in (other than through the ownership of the Company's capital stock or of 5% or less of any class of securities registered under the Exchange Act), or otherwise lending assistance (financial or otherwise) to any Person participating or engaged anywhere in the United States or Canada in, any of the lines of business which comprised the business of Carpenter on the date hereof or (before giving effect to the Contribution) on the Closing Date;

PROVIDED, HOWEVER, that notwithstanding the foregoing restrictions contained in subparagraphs (ii)(x) and (iii) above, (x) Carpenter may complete all remaining work required to cause the Semi-Finished Buses retained by Carpenter pursuant to the Contribution Agreement to become Federalled Buses, (y) Carpenter shall be entitled to continue its tool and die operations at the Mitchell Facility and (z) Dr. SerVaas, the Owners and their respective Affiliates shall be entitled to participate and engage in the Shuttle Bus Business.

(b) The parties hereto recognize that the Laws and public policies of the various states of the United States may differ as to the validity and enforceability of covenants similar to those set forth in this Section 4.17. It is the intention of the parties that the provisions of this Section 4.17 be enforced to the fullest extent permissible under the Laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such Laws or policies) of any provisions of this Section 4.17 shall not render unenforceable, or impair, the remainder of the provisions of this Section 4.17. Accordingly, notwithstanding anything in Section 12.12 to the contrary, if any provision of this Section 4.17 shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall be deemed to apply only with respect to the operation of such provision in the

particular jurisdiction in which such determination is made and not with respect to any other provision or jurisdiction.

ARTICLE V

ADDITIONAL AGREEMENTS

5.1 WAREHOUSING OF CERTAIN INVENTORY. Effective as of the Closing, Carpenter agrees that it shall, upon the request of the Company at any time and from time to time, (a) store, in warehouse space located at the Mitchell Facility, inventory and other items of tangible personal property owned by the Company or used in the Company's business (other than any such items of tangible personal property leased to Carpenter pursuant to Section 4.16(b)) and (b) provide all services reasonably requested by the Company in connection therewith. The provision of such storage space and services shall in each case be on commercially reasonable terms as agreed between Carpenter and the Company and approved by each Investor. The agreements set forth in this Section 5.1 shall terminate on the earlier of (i) the second anniversary of the Closing Date and (ii) such other date as Carpenter shall designate on not less than 10 Business Days' prior written notice to the Company. Prior to the Closing, the Company shall furnish each Investor with a list setting forth the approximate types and amounts of inventory and other tangible personal property to be stored at the Mitchell Facility on the Closing Date pursuant to this Section 5.1.

5.2 DEBT RESTRUCTURING. The Company agrees that it shall use its commercially reasonable efforts to complete the Debt Restructuring promptly following the Closing, and each of the Owners, Carpenter and the Investors agrees to cooperate with the Company as reasonably requested by the Company in connection therewith (it being understood that such cooperation shall not under any circumstances involve guaranteeing any Indebtedness or other obligations of the Company or otherwise providing any financial or other undertakings to lenders). Notwithstanding the immediately preceding sentence, in attempting to complete the Debt Restructuring, the Company shall not be required to agree to any terms (including with respect to interest rates and amortization) that, in the aggregate, are materially more onerous than those under its existing debt agreements or to pay any commitment or other fee which, in the Company's reasonable judgment, is above the range of fees normally charged by financial institutions in similar situations.

5.3 EXTENSION OR REFINANCING OF UNSECURED NEWCOURT INDEBTEDNESS. In the event that the Company does not for any reason (a) refinance the Unsecured Newcourt Indebtedness as part of the Debt Restructuring or (b) extend the maturity date of the Unsecured Newcourt Indebtedness to a date later than the first anniversary of the Closing Date, then the Company shall have the right to require Carpenter to (or cause one of its Affiliates to) lend to the Company, at any time on or after the maturity date of the Unsecured Newcourt Indebtedness (as the same may be extended from time to time), all or any portion of the funds required to repay the entire outstanding principal amount of the Unsecured Newcourt Indebtedness (together with all accrued but unpaid interest thereon). In order to exercise such right, the Company shall give Carpenter prior written notice of such exercise, which notice shall specify (i) the amount to be loaned by Carpenter (or such Affiliate, as the case may be) and (ii) the date on which such loan is to be made (which in any event shall not be less than five Business Days after the giving of such notice).

Following its receipt of such notice, Carpenter shall (or shall cause one of its Affiliates to) lend to the Company, in immediately available funds, the amount specified in such notice. In consideration for such loan, Carpenter (or such Affiliate, as the case may be) shall receive a promissory note issued by the Company on the following terms: (A) the

maturity date of such note shall be the first anniversary of the date on which the loan evidenced thereby is made; (B) interest on the unpaid principal amount of such note shall accrue at a rate per annum equal to the prime rate as in effect from time to time plus 1%; (C) the principal amount of such note may be prepaid at any time and from time to time, in whole or in part, without penalty; (D) the Company's obligations in respect of such note shall be secured by a second Lien on the Richmond Facility; (E) such note shall be subordinated in right of payment to all other secured Indebtedness for borrowed money of the Company outstanding from time to time; (F) such note shall not be transferable other than to Carpenter and

its Affiliates; and (G) such note shall contain such other terms as the Company's other lenders reasonably require.

5.4 REIMBURSEMENT OF CERTAIN COSTS RELATING TO SEMI-FINISHED BUSES. (a) Commencing on January 2, 1997, Carpenter (or, if the Closing Date shall theretofore have occurred, the Company) shall conduct a physical inventory of its raw materials and work in process inventory as of the close of business on December 31, 1996. Such physical inventory shall be observed by the Accounting Firm and, at the request of any Investor, by an accounting firm of nationally recognized standing designated by such Investor. Within 15 Business Days after the Closing Date, the Company shall prepare and deliver to Carpenter and each Investor a computation (the "Inventory Computation") setting forth (i) the aggregate cost of all materials issued out of raw materials and work in process inventory during the period beginning on November 1, 1996 and ending on the Closing Date in respect of Semi-Finished Buses held by Carpenter at any time during such period (the "Materials Cost") and (ii) to the extent not included in clause (i) above, the aggregate cost of all raw materials and work in process inventory retained by Carpenter pursuant to the Contribution Agreement (the "Retained Inventory Cost"). The Inventory Computation shall be prepared on the basis of the aforementioned physical inventory and such other procedures as are mutually acceptable to the Accounting Firm and Price Waterhouse (or such other firm of independent certified public accountants of recognized national standing as the Investors may designate) and shall be accompanied by a certificate to such effect from the Company's Treasurer.

(b) Within 15 days after the Closing Date, the Company shall prepare and deliver to Carpenter and each Investor a computation (the "Labor Computation") setting forth the aggregate direct labor cost incurred during the period beginning on November 1, 1996 and ending on the Closing Date in respect of Semi-Finished Buses held by Carpenter at any time during such period (the "Labor Cost"). The Labor Computation shall be prepared in accordance with such procedures as are mutually acceptable to the Accounting Firm and Price Waterhouse (or such other firm of independent certified public accountants of recognized national standing as the Investors may designate) and shall be accompanied by a certificate to such effect from the Company's Treasurer.

(c) The Company shall (and shall cause the Accounting Firm to) make available to Carpenter and each Investor all work papers and related data used in the preparation of the Inventory Computation and the Labor Computation.

(d) Except as otherwise provided in paragraph (e) below, within 20 days after the delivery of the Inventory Computation and the Labor Computation to the Company and each Investor, Carpenter shall pay to the Company a cash amount equal to the amount, if any, by which (i) the sum of

(x) the Materials Cost PLUS (y) the Retained Inventory Cost PLUS (z) the Labor Cost exceeds (ii) $1,667,494, and shall also pay to the Company all

interest accrued on such amount from and after the last day of such 20-day period at a rate per annum equal to the prime rate.

(e) If Carpenter or any Investor disagrees with the computation of Materials Cost or Retained Inventory Cost set forth in the Inventory Computation or the computation of Labor Cost set forth in the Labor Computation, such person shall notify the Company of such disagreement (including the amount in dispute) within 20 days after its receipt of the Inventory Computation or the Labor Computation, as the case may be. If none of Carpenter or the Investors so provides notice within such 20-day period disagreeing with any such computation, then such computation as set forth in the Inventory Computation or the Labor Computation, as the case may be, shall, as of the last day of such period, be final and binding on the parties hereto. If any of Carpenter or the Investors so provides such notice within such period, but no such notice of disagreement disputes that the sum referred to in clause (i) of paragraph (d) above exceeds $1,667,494, then Carpenter shall pay to the Company, in partial satisfaction of its obligations under paragraph (d) above, an amount equal to the undisputed portion of such excess (together with any accrued interest on such amount) within one Business Day after the last day of such period. If any of Carpenter or the Investors so provides notice within such period disagreeing with any such computation, then (unless the matters in disagreement have been resolved by Carpenter, the Company and the Investors in full) within 20 days after the Company's receipt of such notice, Carpenter, the Company and the Investors shall engage the Independent Accounting Firm to review such computation. The Independent Accounting Firm shall render a written opinion with respect to such computation as soon as practicable after its engagement, and such opinion shall, as of the date thereof, be final and binding on the parties hereto. Carpenter shall pay all amounts required to be paid by it under paragraph (d) above within three Business Days after its receipt of such opinion. The fees of the Independent Accounting firm shall be borne by the disagreeing party if the Company's determination of the amount in question as set forth in the Inventory Computation or the Labor Computation, as the case may be, is found by the Independent Accounting Firm to be within $50,000 of being correct, and otherwise by the Company.

5.5 ADJUSTMENT OF NEW CURTIS NOTE. (a) Within 15 days after the Closing Date, the Company shall prepare and deliver to Carpenter and each Investor a report setting forth the Net Contribution Amount for the period beginning on September 1, 1996 and ending on the Closing Date. Such report shall be accompanied by a certificate from the Accounting Firm confirming the accuracy of the Net Contribution Amount. The Company shall (and shall cause the Accounting Firm to) make available to Carpenter and each Investor all work papers and related data used in the preparation of such report.

(b) Subject to paragraph (c) below, on the first Business Day after such Net Contribution Amount is finally determined pursuant to paragraph (c) below, (i) the original principal amount of the New Curtis Note will be adjusted to equal the amount, if any, by which (x) such Net Contribution Amount EXCEEDS (y) $7,500,000, and (b) the Company shall repay the entire unpaid principal amount of the New Curtis Note (as so adjusted), together with all accrued but unpaid interest thereon.

(c) If Carpenter or any Investor disagrees with the computation of such Net Contribution Amount as set forth in the report delivered pursuant to paragraph (a) above, such person shall notify the Company of such disagreement (including the amount in dispute) within seven days after its receipt of such report. If none of Carpenter or the Investors so provides notice within such seven-day period, the determination of such Net Contribution Amount as set forth in such report shall, as of the last day of such period, be final and binding on the parties hereto. If any of Carpenter or the Investors so provides such notice within such period, but no such notice of disagreement disputes that such Net Contribution Amount

exceeds $7,500,000, then the Company shall prepay principal of the New Curtis Note (together with any accrued but unpaid interest on such prepaid principal) in an amount equal to the undisputed portion of such excess within one Business Day after the last day of such period. If any of Carpenter or the Investors so provides notice within such period, then (unless the matters in disagreement have been resolved by Carpenter, the Company and the Investors in full) within 20 days after the Company's receipt of such notice, Carpenter, the Company and the Investors shall engage the Independent Accounting Firm to review such computation. The Independent Accounting Firm shall render a written opinion with respect to such computation as soon as practicable after its engagement, and such opinion shall, as of the date thereof, be final and binding on the parties thereto. The fees of the Independent Accounting Firm shall be borne by the disagreeing party if the determination of such Net Contribution Amount as set forth in such report is found by the Independent Accounting Firm to be within $100,000 of being correct, and otherwise by the Company.

5.6 CERTAIN EMPLOYEE MATTERS. (a) The Company shall offer employment to employees actively employed at the Richmond Facility as of the Closing Date on such terms and conditions (including benefit plan coverages) that are, in the aggregate, no less favorable than those on which such employees were employed by Carpenter immediately prior to the Closing. All such employees who accept employment with the Company are hereinafter referred to as the "TRANSFERRED EMPLOYEES." Periods of service prior to the Closing shall be credited for purposes of determining eligibility, vesting and benefit entitlement under all benefit plans, programs and policies maintained by the Company after the Closing, and amounts credited prior to the Closing for purposes of determining health plan deductibles shall be credited after the Closing.

(b) Effective as of the Closing, Carpenter shall take all such actions as may be necessary to cause all Transferred Employees to cease to participate in all Benefit Plans, and the Company shall have no obligations thereunder or with respect thereto. The Owners and Carpenter shall be solely responsible for, and the Owners and Carpenter shall indemnify and hold harmless the Company and the Investors from and against (i) any and all Liabilities which have arisen or may arise in connection with any Benefit Plan (including, but not limited to, Liabilities arising from penalties, income or excise tax assessments, participant benefit claims or fiduciary misconduct, or under Title IV of ERISA), (ii) any and all Liabilities which have arisen or may arise in any way from the employment, compensation or benefits of any employee, agent, contractor or consultant currently or heretofore engaged by Carpenter or CMI, whether or not employed by the Company after the Closing, or the termination thereof, relating to any period of employment with Carpenter or CMI, including any liability or obligation arising out of or relating to any act or omission by Carpenter or CMI, any violation of or non-compliance with or obligation arising under any applicable law respecting employment, compensation or benefits, and (iii) any and all costs, liabilities and obligations for severance pay, accrued vacation pay, sick pay and other benefits relating to any period of employment with Carpenter or CMI, whether arising as a matter of Contract, Law or otherwise.

(c) (i)The Company shall establish or maintain, effective as of the Closing Date, a defined contribution profit sharing plan qualified under Section 401(a) of the Code and exempt under Section 501(a) of the Code (the "Company Plan") for the benefit of Transferred Employees who are covered by the Carpenter 401(k) Plan (the "Carpenter Plan") as of the Closing Date.

(ii) Carpenter shall direct the trustee of the Carpenter Plan to segregate the portion of each investment fund thereunder attributable to the aggregate individual account balances of Transferred Employees (whether or not vested), and to transfer in cash or in kind, as determined by

Company, such segregated portion of each investment fund to the Company Plan. The transfer shall be effected as soon as is practicable after the Closing and individual account balances shall be determined as of the date of such transfer.

(d) (i)The Company shall establish for eligible Transferred Employees a group health plan or plans which provides coverage substantially comparable to that in effect with Carpenter immediately prior to the Closing and, to the extent commercially reasonable, without exclusion for pre-existing conditions.

(ii) If requested by Company, Carpenter shall cooperate with the Company in effecting an assignment to the Company of any policies of insurance for the provision of health or welfare benefits to Transferred

Employees, and administrative contracts relating thereto, PROVIDED that the assignment of any such policy shall not be construed as an assumption by the Company of any plan of Carpenter or any liability thereunder if not otherwise payable pursuant to the terms of the policy.

(iii) Without limiting the scope of Section 5.6(b), Carpenter shall be responsible for: (x) providing retiree health or life insurance coverage with respect to any individual who is not a Transferred Employee, (y) all claims regarding all injuries or illnesses occurring prior to the Closing, and (z) providing continuation health coverage as required under Part 6 of Subtitle B of Title I of ERISA with respect to any individual who is not a Transferred Employee.

(e) Carpenter and the Investors agree that, following the Closing, each of them shall direct the board of directors of the Company to establish, within one year after the Closing Date, a stock option plan for certain key employees of the Company with respect to the reservation of up to 7% of the Common Stock (on a fully diluted basis) for issuance pursuant to such plan.

(f) Nothing in this Section 5.6 express or implied shall be construed to prevent the Company from modifying the terms and conditions of employment of any Transferred Employee, or from terminating or modifying to any extent or in any respect any benefit plan that the Company may establish or maintain from time to time.

(g) Nothing in this Section 5.6, whether express or implied, shall confer upon any Transferred Employee or other individual or legal representative thereof any rights or remedies, including any right to employment, continued employment for any specified period, or compensation or benefits of any nature or kind whatsoever under or by reason of this Agreement.

5.7 SPARTAN NON-COMPETITION COVENANT. (a) Spartan will (and will cause its Affiliates (other than the Company or any Subsidiary thereof) to), for a period of five years from the Closing Date, refrain from (either alone or in conjunction with any other Person, or directly or indirectly) participating or engaging anywhere in the United States or Canada (other than through the ownership of the Company's capital stock or of 5% or less of any class of securities registered under the Exchange Act) in the design, manufacture or sale of vehicle bodies for any line of business which comprises part of the business of the Company (after giving effect to the Contribution); PROVIDED, HOWEVER, that nothing in this Section 5.7 shall prohibit Spartan from engaging in any of the lines of business which comprise its business as of the date hereof.

(b) The parties hereto recognize that the Laws and public policies of the various states of the United States may differ as to the

validity and enforceability of covenants similar to those set forth in this Section 5.7. It is the intention of the parties that the provisions of this Section 5.7 be enforced to the fullest extent permissible under the Laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such Laws or policies) of any provisions of this Section 5.7 shall not render unenforceable, or impair, the remainder of the provisions of this Section 5.7. Accordingly, notwithstanding anything in Section 12.12 to the contrary, if any provision of this Section 5.7 shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall be deemed to apply only with respect to the operation of such provision in the particular jurisdiction in which such determination is made and not with respect to any other provision or jurisdiction.

5.8 SALE OF MITCHELL FACILITY. In the event the Mitchell Facility shall be sold, either alone or in connection with any sale of the business of Carpenter or substantially all of the Assets and Properties of Carpenter or the equity interests in Carpenter to any Person other than the Company (and whether in one transaction or a series of related transactions), at any time prior to the fourth anniversary of the Closing Date, Carpenter shall contribute to the capital of the Company, without additional consideration to Carpenter, an amount equal to the lesser of (a) $1,800,000 and (b) either (i) in the event the Mitchell Facility is sold alone, the net proceeds of such sale after deducting therefrom the direct selling costs (which shall not include the cost of performing or causing to be performed, any remediation of a condition of the Mitchell Facility which is or may be in violation of or not in compliance with any Environmental Laws or Environmental Permits), or (ii) in the event of the sale of the Mitchell Facility in connection with the sale of Carpenter's business, Assets and Properties or equity interests, an amount equal to the "Applicable Percentage" of the net proceeds of the sale (including, as part of such net proceeds, all Liabilities of Carpenter being assumed by the purchaser), after payment of the "Applicable Percentage" of the direct selling costs of such sale. The "Applicable Percentage" shall be a fraction, the numerator of which shall be $1,800,000 and the denominator of which shall be the net proceeds to be paid to Carpenter (or its owners) in such sale.

5.9 NEW LINES OF COMPANY BUSINESS. (a) In the event that the Company or any Subsidiary thereof proposes to enter into any line of business comprised of the manufacture, design or sale of (i) fire trucks, (ii) recreational vehicles, (iii) shuttle buses, (iv) transit buses (other than school buses and small school buses which are modified to serve as transit buses) or (v) cement mixers (collectively, the "Existing Spartan Businesses"), the Company shall notify Spartan of its (or its Subsidiary's) intention to enter into such line of business before doing so. In the event that, within 30 days after the delivery of such notice, Spartan delivers a written notice to the Company stating that Spartan vetoes the

entry by the Company or such Subsidiary into such line of business, then the Company shall not (and shall not permit any of its Subsidiaries to) enter into such line of business prior to the earlier date specified in paragraph (c) below.

(b) In the event that Spartan or any subsidiary thereof proposes to enter into any line of business other than the Existing Spartan Businesses, Spartan shall notify the Company in writing of its (or its subsidiary's) intention to enter into such line of business before doing so. In the event that, within 30 days after its receipt of such notice, the Company delivers a written notice to Spartan to the effect that the Company also desires to enter into such line of business, then Spartan and the Company shall negotiate in good faith to provide for the entry by Spartan (or such subsidiary) and the Company into such line of business on

mutually satisfactory terms. In the event that the Company does not deliver such a notice to Spartan within such 30-day period or notifies Spartan that it does not intend to enter into such line of business, then the Company shall not (and shall not permit any of its Subsidiaries to) enter into such line of business prior to the earlier date specified in paragraph (c) below.

(c) The agreements contained in this Section 5.9 shall terminate and be of no further force and effect from and after the earlier of (i) the fifth anniversary of the Closing Date and (ii) the first date as of which Spartan ceases to own at least 20% of the Common Stock on a fully diluted basis.

5.10 PROVISION OF PARTS AND SERVICES. Effective as of the Closing, the Company agrees that it shall, upon the reasonable request of Carpenter at any time and from time to time, (a) supply Carpenter with parts required to complete work on the Semi-Finished Buses being retained by Carpenter pursuant to the Contribution Agreement and (b) provide administrative and support services to Carpenter, including accounting and management information services. The provision of such services shall in each case be on commercially reasonable terms as agreed between Carpenter and the Company and approved by each Investor. The Company shall furnish to each Investor, on a weekly basis, a report setting forth in reasonable detail the amount and terms of such transactions during the preceding week. The agreements set forth in this Section 5.10 shall terminate on the date that is six months after the Closing Date.

ARTICLE VI

CONDITIONS TO OBLIGATIONS OF THE INVESTORS

The obligations of each Investor hereunder are subject to the fulfillment, at or before the Closing, of each of the following conditions

(all or any of which may be waived in whole or in part (as to such Investor) by such Investor in its sole discretion):

6.1 REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by the Owners, Carpenter or the Company in this Agreement shall be true and correct in all material respects (if not qualified by materiality) or in all respects (if qualified by materiality) on and as of the Closing Date as though such representation or warranty was made on and as of the Closing Date, and any representation or warranty made as of a specified date earlier than the Closing Date shall also have been true and correct in all material respects (if not qualified by materiality) or in all respects (if qualified by materiality) on and as of such earlier date.

6.2 PERFORMANCE. Each of the Owners, Carpenter and the Company shall have performed and complied with, in all material respects, each agreement, covenant and obligation required by this Agreement to be performed or complied with by such Person at or before the Closing.

6.3 OFFICERS' CERTIFICATES. Each of the Company and Carpenter shall have delivered to the Investors a certificate, dated the Closing Date and executed by its Chairman of the Board, its President or one of its Vice Presidents, substantially in the form and to the effect of EXHIBIT A-1 (in the case of the Company) or A-2 (in the case of Carpenter), and a certificate, dated the Closing Date and executed by its Secretary or one of its Assistant Secretaries substantially in the form and to the effect of EXHIBIT B-1 (in the case of the Company) or B-2 (in the case of Carpenter).

6.4 ORDERS AND LAWS. There shall not be in effect on the Closing Date any Order or Law restraining, enjoining or otherwise prohibiting or

making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements or which could reasonably be expected to otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement or any of the Operative Agreements to any Investor, and there shall not be pending or threatened on the Closing Date any Action or Proceeding or any other action (i) which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation, or deemed applicability to Investor, any Owner, Carpenter, the Company, or any of the transactions contemplated by this Agreement or any of the Operative Agreements, of any such Law; or (ii) wherein an unfavorable judgment, decree or Order would prevent the carrying out of this Agreement or any of the Operative Agreements or any of the transactions or events contemplated hereby or thereby, declare unlawful any of the transactions contemplated by this Agreement or present a risk of damages to any Investor.

6.5 REGULATORY CONSENTS AND APPROVALS. All consents, approvals and actions of, filings with and notices to any Governmental or Regulatory Authority necessary to permit the Investors, the Owners, Dr. SerVaas, Carpenter and the Company to perform their respective obligations under this Agreement and the Operative Agreements and to consummate the transactions contemplated hereby and thereby (a) shall have been duly obtained, made or given, (b) shall be in form and substance reasonably satisfactory to each Investor, (c) shall not impose any limitations or restrictions on any Investor, any Owner, Dr. SerVaas, Carpenter or the Company, (d) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (e) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental or Regulatory Authority necessary for the consummation of the transactions contemplated by this Agreement and the Operative Agreements shall have occurred.

6.6 THIRD PARTY CONSENTS. The consents (or in lieu thereof waivers) disclosed and designated with an asterisk in SECTIONS 2.5 AND 2.6 OF THE DISCLOSURE SCHEDULE, and all other consents (or in lieu thereof waivers) to the performance by the Investors, the Owners, Carpenter and the Company of their respective obligations under this Agreement and the Operative Agreements or to the consummation of the transactions contemplated hereby and thereby as are required under any Contract to which any Investor, any Owner, Carpenter or the Company is a party or by which any of their respective Assets and Properties are bound and where the failure to obtain any such consent (or in lieu thereof waiver) could reasonably be expected, individually or in the aggregate with other such failures, to materially adversely affect any Investor or the Business or Condition of Carpenter or the Company or otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement and the Operative Agreements to any Investor in its sole discretion, (a) shall have been obtained, (b) shall be in form and substance satisfactory to each Investor in its sole discretion, (c) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (d) shall be in full force and effect. Without limiting the generality of the foregoing, each Investor shall have received written instruments from the lenders under the Wayne Bank revolving credit facility and from Newcourt Financial USA, Inc., in form and substance satisfactory to such Investor, to the effect that (i) there are no uncured defaults or events of default under the Wayne Bank revolving credit facility or (after giving effect to the Restructuring Transactions) the agreements relating to the Newcourt inventory financing arrangement, or that any such defaults or events of default are permanently waived, (ii) in the case of the Wayne Bank revolving credit facility, after giving effect to the repayment of outstanding amounts under such revolving credit facility contemplated by Section 4.13, the Company will be eligible to

incur additional borrowings of not less than $7 million in aggregate principal amount under such revolving credit facility and (iii) the

maturity date of the Unsecured Newcourt Indebtedness has been extended to a date not earlier than February 15, 1997. Each Investor shall have received evidence satisfactory to it that the portion of the loans and commitments held by People's Bank under the Wayne Bank revolving credit facility shall be assigned on or prior to February 15, 1997, to a reputable financial institution (or to SerVaas, Inc., Curtis or any Affiliate thereof reasonably satisfactory to such Investor) on the basis of the commitment termination dates contained in such facility on the date hereof. Each Investor shall have received evidence satisfactory to it that the Restructuring Transactions have been completed on terms satisfactory to it.

6.7 OPINION OF COUNSEL. Each Investor shall have received the opinion of Leeuw, Plopper & Beeman, counsel to the Owners, Carpenter and the Company, dated the Closing Date, substantially in the form and to the effect of EXHIBIT C, and to such further effect as any Investor may reasonably request.

6.8 GOOD STANDING CERTIFICATES. The Company shall have delivered to each Investor (a) certified copies of the Charter Documents as in effect on the Closing Date, (b) copies of the certificates or articles of formation or incorporation (or other comparable constitutive documents), including all amendments thereto, of each Subsidiary (if any), in each case certified by the Secretary of State or other appropriate official of the jurisdiction of formation or incorporation, (c) certificates from the Secretary of State of the State of Delaware to the effect that the Company is in good standing or subsisting in such State, listing all charter documents of the Company on file with such Secretary of State and attesting to the Company's payment of all franchise or similar Taxes imposed by such State and (d) a certificate from the Secretary of State or other appropriate official in each jurisdiction in which the Company is qualified, licensed or admitted to do business to the effect that the Company is duly qualified or admitted and in good standing in such jurisdiction.

6.9 OTHER AGREEMENTS. The Operative Agreements shall have been duly executed and delivered by the respective parties thereto other than the relevant Investor and shall be in full force and effect.

6.10 DELIVERY OF CERTIFICATES. Duly executed certificates representing 300 shares of Purchased Stock shall have been delivered to each Investor.

6.11 CONTRIBUTION. The Contribution shall have been completed pursuant to the terms of the Contribution Agreement.

6.12 CONTEMPORANEOUS INVESTMENT BY OTHER INVESTOR. Each Investor shall have received evidence satisfactory to it that, concurrently with its purchase of the Purchased Stock being purchased by it hereunder, the other

Investor shall have paid the Purchase Price to the Company in cash in consideration for the issuance to such other Investor of the Purchased Stock being purchased by such other Investor hereunder.

6.13 REAFFIRMATION OF GUARANTEES. Each Investor shall have received evidence satisfactory in form and substance to it that each guarantee of Indebtedness or other obligations of Carpenter identified in SECTION 2.18(A)(VI) OF THE DISCLOSURE SCHEDULE shall have been either (i) confirmed by the guarantor thereunder as continuing in full force and effect notwithstanding the assumption of the guaranteed Indebtedness or

other obligations by the Company pursuant to the Contribution Agreement or (ii) except in the case of the Wayne Bank revolving credit facility, released, on terms satisfactory to such Investor, by the Person to whom the guaranteed Indebtedness or other obligations are owed.

6.14 AFFILIATE TRANSACTIONS. Each of the Contracts, Liabilities of Carpenter and other arrangements listed in SECTION 2.18(A)(VIII) OR SECTION 2.21(A) OF THE DISCLOSURE SCHEDULE and not designated with an asterisk therein (other than the loans and leases expressly excluded from the definition of "Restructuring Transactions" in Section 4.9) shall have been terminated without any further Liability on the part of Carpenter or the Company, and each Investor shall have received evidence satisfactory to it of such termination.

6.15 BUSINESS PLAN. The Owners shall have approved, and there shall have been delivered to each Investor, a written and detailed two year operating and strategic plan for the Company satisfactory to such Investor in its sole discretion.

6.16 NO ADVERSE CHANGE. Except as set forth in SECTION 2.9 OF THE DISCLOSURE SCHEDULE, there shall not have occurred any material adverse change in the Business or Condition of Carpenter or the Company since the Audited Financial Statement Date.

6.17 BOARD OF DIRECTORS. The board of directors of the Company shall consist of the following six persons: George Sztykiel, Anthony G. Sommer, Joseph J. Finn-Egan, Jeffrey A. Lipkin, Dr. SerVaas and Timothy S. Durham.

6.18 EMC CORBEIL AGREEMENT. Carpenter shall have obtained either a verbal or written commitment satisfactory to each Investor from E.M.C. Enterprises Michel Corbeil, Inc. ("Corbeil") that the Fundamentals of a Strategic Alliance Agreement between Corbeil and Carpenter Industries, Inc. dated February 1, 1995 shall be modified promptly following the Closing in a manner reasonably satisfactory to such Investor to reflect the actual relationship between Carpenter and Corbeil.

6.19 AIR EMISSIONS. Each Investor shall have received assurances from its environmental consultant satisfactory to it in its sole discretion to the effect that: (a) no material penalties will be assessed against the Company as a result of any non-compliance with any Environmental Laws or Environmental Permits relating to air emissions from or at the Richmond Facility; (b) the Richmond Facility will not be subject to "New Source Review," "Prevention of Significant Deterioration," or "Reasonably Available Control Technology" requirements as defined under applicable Environmental Laws; and (3) no material expenditures will be required under applicable Environmental Laws or Environmental Permits for the installation of air emissions control technology at the Richmond Facility.

6.20 CERTIFICATE OF DR. SERVAAS. Dr. SerVaas shall have executed and delivered to the Investors a certificate, dated the Closing Date, substantially in the form and to the effect of Exhibit K.

6.21 BY-LAWS AMENDMENT. The by-laws of the Company shall have been amended, in a manner satisfactory in form and substance to each Investor, to create the office of "executive vice president--manufacturing" and to make such other changes as are necessary or appropriate in connection with the Stockholders' Agreement.

6.22 INSURANCE CERTIFICATES. Each Investor shall have received satisfactory written assurances from the Company's insurers to the effect that effective as of the Closing Date, (a) the Company has obtained (i) directors' and officers' and product liability insurance in amounts and

on terms satisfactory to such Investor and (ii) health and excess health insurance policies comparable to Carpenter's existing policies and (b) the insurance policies listed in SECTION 2.20 OF THE DISCLOSURE SCHEDULE have been properly assigned to the Company.

6.23 PROCEEDINGS. All proceedings to be taken on the part of the Owners, Carpenter or the Company in connection with the transaction contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in form and substance to each Investor, and each Investor shall have received copies of all such documents and other evidences as such Investor may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF THE COMPANY

The obligations of the Company hereunder are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by the Company in its sole discretion):

7.1 REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by any Investor in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though such representation or warranty was made on and as of the Closing Date.

7.2 PERFORMANCE. Each Investor shall have performed and complied with, in all material respects, each agreement, covenant and obligation required by this Agreement to be performed or complied with by such Investor at or before the Closing including the payment of the Purchase Price by such Investor.

7.3 CERTIFICATES. REI II shall have delivered to the Company a certificate, dated the Closing Date and executed by the general partner of REI II, substantially in the form and to the effect of EXHIBIT H. Spartan shall have delivered to the Company a certificate, dated the Closing Date and executed by the President or any Vice President of Spartan, substantially in the form and to the effect of EXHIBIT I, and a certificate, dated the Closing Date and executed by the Secretary or any Assistant Secretary of Spartan, substantially in the form and to the effect of EXHIBIT J.

7.4 ORDERS AND LAWS. There shall not be in effect on the Closing Date any Order or Law that became effective after the date of this Agreement restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements.

7.5 REGULATORY CONSENTS AND APPROVALS. All consents, approvals and actions of, filings with and notices to any Governmental or Regulatory Authority necessary to permit the Owners, Dr. SerVaas, Carpenter, the Company and the Investors to perform their respective obligations under this Agreement and the Operative Agreements and to consummate the transactions contemplated hereby and thereby (a) shall have been duly obtained, made or given, (b) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (c) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental or Regulatory Authority necessary for the consummation of the transactions contemplated by this Agreement and the Operative Agreements shall have occurred.

ARTICLE VIII

SURVIVAL OF REPRESENTATIONS, WARRANTIES,
COVENANTS AND AGREEMENTS

8.1 SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS. Notwithstanding any right of any Investor (whether or not

exercised) to investigate the affairs of Carpenter or the Company or any right of any party (whether or not exercised) to investigate the accuracy of the representations and warranties of the other party contained in this Agreement or the waiver of any condition to Closing, each of the Owners, Carpenter, the Company and the Investors has the right to rely fully upon the representations, warranties, covenants and agreements of the others contained in this Agreement. The representations, warranties, covenants and agreements of the Owners, Carpenter, the Company and the Investors contained in this Agreement, the Contribution Agreement, and any certificate or other document provided hereunder or thereunder will survive the Closing (a) until the sixth anniversary of the Closing Date with respect to the representations and warranties contained in Sections 2.1, 2.2, 2.3, 2.4, 2.25, 2.26, 2.27 and (as it relates to the foregoing Sections) 2.28 and 3.1, (b) until the later of (i) 60 calendar days after the expiration of all applicable statutes of limitation (including all periods of extension, whether automatic or permissive) and (ii) the fifth anniversary of the Closing Date with respect to the representations and warranties contained in Sections 2.11, 2.14, 2.23 and (as it relates to the foregoing Sections) 2.28, (c) until the second anniversary of the Closing Date with respect to all other representations and warranties or (d) with respect to each covenant or agreement contained in this Agreement, the Contribution Agreement or any certificate provided hereunder or thereunder, indefinitely, except that any representation, warranty, covenant or agreement that would otherwise terminate in accordance with clause (a), (b) or (c) above will continue to survive if a Claim Notice or Indemnity Notice (as applicable) shall have been timely given under Article IX on or prior to such termination date, until the related claim for indemnification has been satisfied or otherwise resolved as provided in Article IX, but only with respect to matters described in the Claim Notice or Indemnity Notice.

ARTICLE IX

INDEMNIFICATION

9.1 INDEMNIFICATION.

The Owners and Carpenter shall jointly and severally indemnify each Investor and its general partner and limited partners and the officers, directors, employees, agents and Affiliates of such Investor or any such general or limited partner, in respect of, and hold each of them harmless from and against, any and all Losses (after giving effect to any net proceeds from insurance actually received by the Indemnified Parties) suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to: (i) any misrepresentation or breach of warranty (subject to any applicable survival period with respect thereto under Section 8.1) or nonfulfillment of or failure to perform any covenant or agreement on the part of the Owners,

Carpenter or the Company contained in this Agreement or the Contribution Agreement (other than any nonfulfillment or failure on the part of the Company to perform any such covenant or agreement that relates solely to the period following the Closing); (ii) the issuance of the Letter of Intent dated September 23, 1996, relating to REI II's proposed investment in Carpenter; (iii) (A) the presence, Release or threatened Release of any

Hazardous Materials existing as of or prior to the Closing Date at, from, in, to, on or under the Mitchell Facility or any real property located in Mitchell, Indiana that was formerly owned, leased or operated by Carpenter, the Company, any predecessor of Carpenter or the Company, or any entity previously owned by Carpenter or the Company (collectively, the "Former Mitchell Properties"), (B) the transportation, treatment, storage, handling or disposal, or arrangement for transportation, treatment, storage, handling or disposal, of Hazardous Materials at, to or from the Mitchell Facility or any Former Mitchell Property by Carpenter or the Company, any predecessor of Carpenter or the Company, or any entity previously owned by Carpenter or the Company, (C) any violation of Environmental Law at the Mitchell Facility or any Former Mitchell Property prior to the Closing or (D) any and all arrangements with American Print Towel for treatment, storage, transportation, disposal or handling of Hazardous Materials (including but not limited to rags containing solvents) generated by Carpenter, any of its predecessors or any entity previously owned by Carpenter; (iv) any Liability for Taxes of Carpenter Body Works, Inc., CMI or Carpenter, including any Lien on the Assets and Properties of the Company resulting from such a Liability (other than Indiana property taxes that are not yet due and payable and either (i) have been properly accrued as a liability on the Pro Forma Balance Sheet or (ii) are disclosed in SECTION 2.11 OF THE DISCLOSURE SCHEDULE, which taxes shall be Liabilities of the Company as provided in the Contribution Agreement); or (v) any Liability of CII (whether for Taxes or otherwise) and any Liability of Carpenter under or in respect of the CII Stock Purchase Agreement; PROVIDED, HOWEVER, that the Owners and Carpenter shall not be obligated pursuant to clause (ii) of this Section 9.1 to the extent that a Loss claimed thereunder is finally adjudicated by a court of competent jurisdiction to have resulted primarily from the gross negligence or wilful misconduct of the Indemnified Party making such claim; and PROVIDED FURTHER, that if and to the extent that any indemnification hereunder is finally determined by a court of competent jurisdiction to be unenforceable, the Owners and Carpenter shall jointly and severally make the maximum contribution to the payment and satisfaction of the indemnified Losses as shall be permissible under applicable laws.

9.2 METHOD OF ASSERTING CLAIMS. All claims for indemnification by any Indemnified Party under Section 9.1 will be asserted and resolved as follows:

(a) In order for an Indemnified Party to be entitled to any indemnification provided for under Section 9.1 in respect of, arising out

of or involving a claim or demand made by any Person not a party to this Agreement against the Indemnified Party (a "Third Party Claim"), the Indemnified Party must deliver a Claim Notice to the Indemnifying Party within 30 Business Days after receipt by such Indemnified Party of written notice of the Third Party Claim; PROVIDED, HOWEVER, that failure to give such Claim Notice shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure.

(b) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party shall be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the Indemnifying Party, which counsel must be reasonably satisfactory to the Indemnified Party. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party shall not be liable to the Indemnified Party for legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof, but shall continue to pay for any expenses of investigation or any Loss suffered. If the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in such defense and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party. If (i) the Indemnifying Party

shall not assume the defense of a Third Party Claim with counsel reasonably satisfactory to the Indemnified Party within five Business Days of any Claim Notice, or (ii) legal counsel for the Indemnified Party notifies the Indemnifying Party that there are or may be legal defenses available to the Indemnified Party or to other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, which, if the Indemnified Party and the Indemnifying Party were to be represented by the same counsel, would constitute a conflict of interest for such counsel or prejudice prosecution of the defenses available to such Indemnified Party, or (iii) if the Indemnifying Party shall assume the defense of a Third Party Claim and fail to diligently prosecute such defense, then in each such case the Indemnified Party, by notice to the Indemnifying Party, may employ its own counsel and control the defense of the Third Party Claim and the Indemnifying Party shall be liable for the reasonable fees, charges and disbursements of counsel employed by the Indemnified Party; and the Indemnified Party shall be promptly reimbursed for any such fees, charges and disbursements, as and when incurred. Whether the Indemnifying Party or the Indemnified Party controls the defense of any Third Party Claim, the parties hereto shall cooperate in the defense thereof. Such cooperation shall include the retention and provision to the counsel of the controlling party of records and information which are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Indemnifying Party shall have the right to settle, compromise or discharge a Third Party Claim (other than any such Third Party Claim in which criminal conduct is alleged) without the Indemnified

Party's consent if such settlement, compromise or discharge (i) constitutes a complete and unconditional discharge and release of the Indemnified Party, and (ii) provides for no relief other than the payment of monetary damages and such monetary damages are paid in full by the Indemnifying Party.

(c) In the event any Indemnified Party shall have a claim under Section 9.1 against any Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party shall deliver an Indemnity Notice with reasonable promptness to the Indemnifying Party. The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that an Indemnifying Party demonstrates that it has been materially prejudiced thereby. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the claim described in such Indemnity Notice or fails to notify the Indemnified Party within the Dispute Period whether the Indemnifying Party disputes the claim described in such Indemnity Notice, the Loss in the amount specified in the Indemnity Notice will be conclusively deemed a liability of the Indemnifying Party under Section 8.1 and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand. If the Indemnifying Party has timely disputed its liability with respect to such claim, the Indemnifying Party and the Indemnified Party will proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved by litigation in a court of competent jurisdiction.

(d) The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at law or in equity, under federal and state securities laws, by separate agreement (including, without limitation, under the Operative Agreements) or otherwise.

ARTICLE X

TERMINATION

10.1 TERMINATION. This Agreement may be terminated, and the

transactions contemplated hereby may be abandoned:

(a) at any time before the Closing, by mutual written agreement of the Owners, Carpenter, the Company and the Investors;

(b) at any time before the Closing, by the Owners, Carpenter or the Company on the one hand or any Investor on the other hand, in the event (i) of a material breach hereof by any non-terminating party if such non-terminating party fails to cure such breach within five Business Days following notification thereof by the terminating party or

(ii) upon notification of the non-terminating parties by the terminating party that the satisfaction of any condition to the terminating party's obligations under this Agreement has become impossible or impracticable with the use of commercially reasonable efforts, so long as the failure of such condition to be satisfied is not caused by a breach hereof by the terminating party; or

(c) at any time after January 8, 1997, by the Owners, Carpenter or the Company, on the one hand, or any Investor, on the other hand, upon notification of the non-terminating parties by the terminating party if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a material breach of this Agreement by the terminating party.

10.2 EFFECT OF TERMINATION. If this Agreement is validly terminated pursuant to Section 10.1, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of any Owner, Carpenter, the Company or any Investor, except as provided in the next two succeeding sentences and except that the provisions with respect to expenses in Section 12.3, confidentiality in Section 12.5 and governing law in Section 12.13 will continue to apply following any such termination. Notwithstanding any other provision in this Agreement to the contrary, upon termination of this Agreement pursuant to Section 10.1(b) or (c) by an Investor, (i) each of the Owners, Carpenter and the Company will remain liable to the Investors for any misrepresentation or breach of warranty or nonfulfillment of or failure to perform any covenant or agreement of the Owners, Carpenter or the Company existing at the time of such termination, and (ii) each Investor will remain liable to the Owners, Carpenter and the Company for any misrepresentation or breach of warranty or nonfulfillment of or failure to perform any covenant or agreement of such Investor existing at the time of such termination. Each of the Owners, Carpenter, the Company and the Investors may seek such remedies, including damages and reimbursement for fees and expenses of attorneys, against the others with respect to any misrepresentation, breach, nonfulfillment or failure referred to in clause (i) or (ii) above as are provided under this Agreement, including its remedies under Article IX with respect thereto, or as are otherwise available at Law or in equity.

ARTICLE XI

DEFINITIONS

11.1 DEFINITIONS. (a) As used in this Agreement, the following defined terms shall have the meanings indicated below:

"ACTIONS OR PROCEEDINGS" means any action, suit, proceeding, arbitration or Governmental or Regulatory Authority investigation or audit.

"AFFILIATE" means, as applied to any Person, (a) any other Person directly or indirectly controlling, controlled by or under common control

with, that Person, (b) any other Person that owns or controls (i) 5% or more of any class of equity securities of that Person or any of its Affiliates or (ii) 5% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option, warrant, convertible security or similar right) of that Person or any of its Affiliates, or (c) any director, partner, officer, agent, employee or relative of that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise.

"AGREED-UPON PROCEDURES" means the tests and procedures described in the Agreed-Upon Procedures Report (including the Accounting Firm's observation of the physical inventory referred to in Section 2.8(b)).

"AGREED-UPON PROCEDURES REPORT" has the meaning ascribed to it in Section 2.8(c).

"AGREEMENT" means this Investment Agreement, the Exhibits, the Schedules and the Disclosure Schedule and the certificates delivered in connection herewith, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof.

"ASSETS AND PROPERTIES" of any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed or otherwise and wherever situated), including the goodwill related thereto, operated, owned or leased by such Person, including cash, cash equivalents, Investment Assets, accounts and notes receivable, chattel paper, documents, instruments, general intangibles, real estate, equipment, inventory, goods and Intellectual Property.

"ASSOCIATE" means, with respect to any Person, any corporation or other business organization of which such Person is an officer or partner or is the beneficial owner, directly or indirectly, of 10% or more of any class of its equity securities, any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar capacity and any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"AUDITED FINANCIAL STATEMENT DATE" means December 31, 1995.

"AUDITED FINANCIAL STATEMENTS" means the audited consolidated balance sheet of CMI as of December 31, 1995 and the related audited

consolidated statements of income, stockholders' equity and cash flows for the fiscal year then ended, in each case including the notes thereto.

"BENEFIT PLAN" means any Plan established by Carpenter or the Company or any predecessor of either of them, existing at the Closing Date or prior thereto, to which Carpenter or the Company contributes or has contributed, or under which any employee, former employee, member, manager or director of Carpenter or the Company or any beneficiary thereof is covered, is eligible for coverage or has benefit rights.

"BOOKS AND RECORDS" means all files, documents, instruments, papers, books and records relating to the Business or Condition of Carpenter or the Company, including without limitation financial statements, Tax Returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, minute books, stock certificates and books, stock transfer ledgers, Contracts, Licenses, customer lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and

plans.

"BUSINESS COMBINATION" means with respect to any Person (i) any merger, consolidation or other business combination to which such Person is a party, (ii) any sale, dividend, split or other disposition of any capital stock of or other equity interests in such Person, (iii) any recapitalization, refinancing (of indebtedness or equity), liquidation, dissolution or similar transaction with respect to such Person, (iv) any sale, dividend or other disposition of all or any material portion of the Assets and Properties of such Person (other than in connection with the Contribution) or (v) the entering into of any agreement or understanding, or the grant of any rights or options with respect to any of the foregoing.

"BUSINESS DAY" means a day other than Saturday, Sunday or any day on which banks located in the State of Indiana or New York are authorized or obligated to close.

"BUSINESS OR CONDITION OF CARPENTER OR THE COMPANY" means (a) with respect to Carpenter, the business, condition (financial or otherwise), results of operations and Assets and Properties of Carpenter, and (b) with respect to the Company, the business, condition (financial or otherwise), results of operations, Assets and Properties and (as set forth in the projections contained in Schedule 2.31) prospects of the Company.

"CARPENTER" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"CHARTER" means the certificate of incorporation of the Company following the Conversion, as the same may be amended, modified or restated from time to time.

"CHARTER DOCUMENTS" has the meaning ascribed to it in Section 2.1(a).

"CII" means Curtis International, Inc., an Indiana corporation.

"CII STOCK PURCHASE AGREEMENT" means the Stock Purchase Agreement dated September 26, 1996, by and among Dr. SerVaas, Zbigniew Niemczycki, Carpenter, CII and certain other Persons.

"CLAIM NOTICE" means written notification pursuant to Section 9.2(a) of a Third Party Claim as to which indemnity under Section 9.1 is sought by an Indemnified Party, enclosing a copy of all papers served, if any, on the Indemnified Party and identifying the basis for the Indemnified Party's claim against the Indemnifying Party under Section 9.1.

"CLOSING" means the closing of the transactions contemplated by Section 1.3.

"CLOSING DATE" means the date on which the Closing actually occurs, which date shall be either (a) the fifth Business Day after the day on which the last of the consents, approvals, actions, filings, notices or waiting periods described in or related to the filings described in Sections 6.5 and 6.6 and Section 7.4 has been obtained, made or given or has expired, as applicable, or (b) such other date as the Investors, the Company, Carpenter and the Owners may mutually agree.

"CMI" means Carpenter Manufacturing, Inc., an Indiana corporation (formerly known as CBW, Inc.) and a predecessor of Carpenter.

"CODE" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"COMMON STOCK" has the meaning ascribed thereto in the recitals

hereto.

"COMPANY" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"CONTRACT" means any agreement, lease, debenture, note, other evidence of Indebtedness, mortgage, deed of trust, indenture, security agreement or other contract (whether written or oral).

"CONTRIBUTION" has the meaning ascribed thereto in the recitals hereto.

"CONTRIBUTION AGREEMENT" means the Contribution Agreement to be entered into on the Closing Date by Carpenter and the Company,

substantially in the form of Exhibit D, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof.

"CURTIS" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"DEBT RESTRUCTURING" means: (i) the restructuring of the Wayne Bank revolving credit facility to effect the release of all guarantees provided by Affiliates of Carpenter in respect of Carpenter's or the Company's obligations under such revolving credit facility, or the replacement and refinancing of such revolving credit facility with a new revolving credit facility of at least the same size as to which the borrower's obligations thereunder are not guaranteed by any Affiliate of Carpenter or the Company; (ii) the refinancing, with the proceeds of a term loan secured only by a Lien on all or a portion of the Company's equipment and real estate, of (A) all outstanding Indebtedness under the equipment financing arrangements with the City of Richmond, Indiana, the First National Bank of Mitchell, Newcourt (other than the Newcourt inventory financing arrangement), Harsco and Wayne Bank Presses and (B) the Out-of-Trust Indebtedness; and (iii) the termination of the CIT sublease arrangement through the purchase by the Company in an arm's-length transaction of the equipment subject to such arrangement, which purchase will be financed with the proceeds of a term loan obtained by the Company (which term loan may be combined with the term loan contemplated by clause (ii) above); all of the foregoing in form and substance satisfactory to each Investor in its sole discretion.

"DISCLOSURE SCHEDULE" means the schedules delivered to the Investors by or on behalf of the Owners, Carpenter and the Company, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein pursuant to this Agreement.

"DISPUTE PERIOD" means the period ending 30 calendar days following receipt by an Indemnifying Party of an Indemnity Notice.

"DR. SERVAAS" means Dr. Beurt R. SerVaas.

"ENVIRONMENT" means all air, surface water, groundwater and land, including land surface and subsurface, including all fish, wildlife and other natural resources.

"ENVIRONMENTAL CLAIM" means any and all administrative or judicial actions, suits, orders, claims, Liens, notices, notices of violations, investigations, complaints, requests for information, proceedings, or other communication (written or oral), whether criminal or civil, (collectively, "CLAIMS") pursuant to or relating to any applicable Environmental Law by

any Person (including any Governmental or Regulatory Authority, individual or citizens' group) based upon, alleging, asserting, or claiming any actual or potential (i) violation of or liability under any Environmental Law, (ii) violation of any Environmental Permit or (iii) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines or penalties arising out of, based on, resulting from, or related to the presence, Release, or threatened Release into the Environment of any Hazardous Materials at any location, including but not limited to any off-Site location to which Hazardous Materials or materials containing Hazardous Materials have been sent for handling, storage, treatment, or disposal.

"ENVIRONMENTAL CLEAN-UP SITE" means any location which is listed or proposed for listing on the National Priorities List, the Comprehensive Environmental Response, Compensation and Liability Information System, or on any similar state list of sites requiring investigation or cleanup, or which is the subject of any pending or threatened action, suit, proceeding or investigation related to or arising from any alleged violation of any Environmental Law, or at which there has been a Release, threatened or suspected Release of a Hazardous Material.

"ENVIRONMENTAL LAW" means any and all current and future, federal, state, local and foreign, civil and criminal laws, statutes, ordinances, orders, codes, rules, regulations, Environmental Permits, policies, guidance documents, judgments, decrees, injunctions or agreements with any Governmental or Regulatory Authority relating to the protection of health and the Environment, or governing the handling, use, generation, treatment, storage, transportation, disposal, manufacture, distribution, formulation, packaging, labeling or Release of Hazardous Materials, whether now existing or subsequently amended or enacted, including: the Clean Air Act, 42 U.S.C. <Section> 7401 ET SEQ.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. <Section> 9601 ET SEQ.; the Federal Water Pollution Control Act, 33 U.S.C. <Section> 1251 ET SEQ.; the Hazardous Material Transportation Act 49 U.S.C. <Section> 1801 ET SEQ.; the Federal Insecticide, Fungicide and Rodenticide Act 7 U.S.C. <Section> 136 ET SEQ.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. <Section> 6901 ET SEQ.; the Toxic Substances Control Act, 15 U.S.C. <Section> 2601 ET SEQ.; the Oil Pollution Act of 1990, 33 U.S.C. <Section> 2701 ET SEQ.; and the state analogies thereto, all as amended or superseded from time to time; and any common law doctrine, including negligence, nuisance, trespass, personal injury, or property damage, relating to the presence or Release of or an exposure to a Hazardous Material.

"ENVIRONMENTAL PERMIT" means any and all federal, state, local or foreign permits, licenses, approvals, consents or authorizations required by any Governmental or Regulatory Authority under or in connection with any

Environmental Law, including any and all orders, consent orders or binding agreements issued or entered into by a Governmental or Regulatory Authority under any applicable Environmental Law.

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

"ERISA AFFILIATE" means any Person who is or at any time was in the same controlled group of corporations or who is under common control with CMI, Carpenter or the Company (within the meaning of Section 412(n)(6)(b) of the Code).

"ESTIMATED PRO FORMA OPERATING STATEMENTS" has the meaning ascribed to it in Section 2.8(b).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder.

"FEDERALLED BUS" means, as of any date of determination, any Semi-Finished Bus retained by Carpenter pursuant to the Contribution Agreement which, as of such date, has been (a) certified by a duly authorized Carpenter inspector, in a manner consistent with past practice, as complying with all applicable federal motor vehicle safety standards and (b) stickered by such inspector for delivery to the purchaser thereof.

"FORMER MITCHELL PROPERTIES" shall have the meaning ascribed to it in Section 9.1.

"GAAP" means generally accepted accounting principles, consistently applied throughout the specified period and the immediately prior comparable period.

"GOVERNMENTAL OR REGULATORY AUTHORITY" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision, and shall include, without limitation, any stock exchange, quotation service and the National Association of Securities Dealers.

"GUARANTEE" means the Guarantee of Dr. Beurt SerVaas attached to this Agreement, as such Guarantee may be amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"HAZARDOUS MATERIAL" means (A) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls (PCBs); (B) any chemicals, materials, substances

or wastes which are now or hereafter become defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants" or words of similar import, under any Environmental Law; and (C) any other chemical, material, substance or waste, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental or Regulatory Authority.

"INDEBTEDNESS" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases, (v) as an account party in respect of letters of credit and (vi) in the nature of guarantees of the obligations described in clauses (i) through (v) above of any other Person.

"INDEMNIFIED PARTY" means any Person claiming indemnification under any provision of Article IX.

"INDEMNIFYING PARTY" means any Person against whom a claim for indemnification is being asserted under any provision of Article IX.

"INDEMNITY NOTICE" means written notification pursuant to Section 9.2(c) of a claim for indemnity under Article IX by an Indemnified Party, specifying the nature of and basis for such claim, together with the amount or, if not then reasonably ascertainable, the estimated amount, determined in good faith, of such claim.

"INDEPENDENT ACCOUNTING FIRM" shall mean Arthur Andersen or, if Arthur Andersen shall decline or otherwise be unable to perform the

engagement in question, another firm of independent certified public accountants of nationally recognized standing (other than the Accounting Firm, Price Waterhouse and Deloitte) mutually acceptable to Carpenter and the Investors.

"INTELLECTUAL PROPERTY" means all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, inventions, processes, formulae, copyrights and copyright rights, trade dress, business and product names, logos, slogans, trade secrets, industrial models, designs, methodologies, computer programs (including all source codes) and related documentation, technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, trademarks, service marks and copyrights.

"INVENTORY COMPUTATION" has the meaning ascribed to it in Section 5.6(a).

"INVESTMENT ASSETS" means all debentures, notes and other evidences of Indebtedness, stocks, securities (including rights to purchase and securities convertible into or exercisable or exchangeable for other securities), interests in joint ventures and general and limited partnerships, mortgage loans and other investment or portfolio assets owned of record or beneficially by Carpenter or the Company.

"INVESTORS" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"IRS" means the United States Internal Revenue Service.

"LAWS" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision or of any Governmental or Regulatory Authority.

"LEASED REAL PROPERTY" has the meaning ascribed to it in Section 2.15(a).

"LIABILITIES" means all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, known or unknown, fixed or otherwise, and whether due or to become due).

"LICENSES" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental or Regulatory Authority.

"LIEN" means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

"LOSSES" means any and all damages, fines, fees, penalties, deficiencies, losses and expenses, including interest, reasonable expenses of investigation, court costs, reasonable fees and expenses of attorneys, accountants and other experts and other expenses of litigation or other proceedings or of any claim, default or assessment (such fees and expenses to include all fees and expenses, including, without limitation fees and expenses of attorneys, incurred in connection with (i) the investigation or defense of any Third Party Claims or (ii) asserting or disputing any rights under this Agreement against any party hereto or otherwise). Also included within the meaning of Loss, as applied to any Investor, shall be the diminution in value to such Investor's investment hereunder.

"MANAGEMENT AGREEMENTS" means, collectively, (a) the Management

Agreement to be entered into as of the Closing Date by the Company and Curtis, (b) the Management Agreement to be entered into as of the Closing

Date by the Company and REI II, and (c) the Management Agreement to be entered into as of the Closing Date between the Company and Spartan, each substantially in the form of Exhibit F, and each as it may be amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"MATERIALS COST" has the meaning ascribed to it in Section 5.4(a).

"MITCHELL FACILITY" means the real property located at 1500 West Main Street, Mitchell, Indiana, that is owned on the date hereof by Carpenter.

"NASD" means the National Association of Securities Dealers, Inc.

"NET CONTRIBUTION AMOUNT" means, with respect to any period, an amount equal to (a) the aggregate amount of cash advanced to Carpenter by the Owners and their respective Affiliates (other than Timothy S. Durham) during such period, PLUS (b) the aggregate amount of cash contributed to the capital of Carpenter by the Owners and their respective Affiliates during such period, MINUS (c) the aggregate amount of such advances and contributions made for the primary purpose of developing Carpenter's Shuttle Bus Business, MINUS (d) the aggregate amount of all cash, securities and other property paid (other than as salary or as reimbursement of expenses, in either case incurred in the ordinary course of business including rental expense for the office at Curtis in Indianapolis (as set forth in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE) and equipment lease expenses under that certain Equipment Lease Agreement between SerVaas, Inc. and Carpenter, dated December 21, 1993 (as set forth in SECTION 2.18(2)(M) OF THE DISCLOSURE SCHEDULE)) or distributed to the Owners and their respective Affiliates during such period (other than the distribution to the Owners of the net proceeds of Carpenter's sale of 800 shares of CII's common stock pursuant to the CII Stock Purchase Agreement).

"NEW CURTIS NOTE" has the meaning ascribed to it in Section 4.9.

"NOVEMBER 30 FINANCIAL STATEMENTS" has the meaning ascribed to it in Section 4.5(b).

"OCTOBER 31 COMPILED FINANCIAL STATEMENTS" has the meaning ascribed to it in Section 2.8(b).

"OPERATIVE AGREEMENTS" means the Guarantee, the Contribution Agreement, the Registration Rights Agreement, the Stockholders' Agreement, the Management Agreements, the Supply Agreement and any support or other agreements to be entered into in connection with the transactions contemplated by this Agreement.

"OPTION" with respect to any Person means any security, right, subscription, warrant, option, "phantom" stock right or other Contract that

gives the right to (i) purchase or otherwise receive or be issued any shares of capital stock of such Person or any security of any kind convertible into or exchangeable or exercisable for any shares of capital stock of such Person or (ii) receive any benefits or rights similar to any rights enjoyed by or accruing to the holder of shares of capital stock of such Person, including any rights to participate in the equity, income or election of directors or officers of such Person.

"ORDER" means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each case whether

preliminary or final).

"OUT-OF-TRUST INDEBTEDNESS" has the meaning ascribed to it in Section 2.8(h).

"OWNED REAL PROPERTY" has the meaning ascribed to it in Section 2.15(a).

"OWNERS" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"PERMITTED LIEN" means (i) any Lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) the Liens set forth in SECTION 11.1 OF THE DISCLOSURE SCHEDULE and (iii) any minor imperfection of title or similar Lien which, individually or in the aggregate with other such Liens, does not impair the value or marketability of the property subject to such Lien or interfere with the use of such property in the conduct of the business of Carpenter or the Company and which does not secure obligations for money borrowed.

"PERSON" means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

"PLAN" means any bonus, incentive compensation, deferred compensation, pension, profit sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, accident, disability, workmen's compensation or other insurance, severance, separation or other employee benefit plan, practice, policy or arrangement of any kind, whether written or oral, including, but not limited to, any "employee benefit plan" within the meaning of Section 3(3) of ERISA.

"PRO FORMA BALANCE SHEET" has the meaning ascribed to it in Section 2.8(b).

"PURCHASE PRICE" has the meaning ascribed to it in Section 1.2.

"PURCHASED STOCK" has the meaning ascribed to it in the recitals hereto.

"QUALIFIED PLAN" means each Benefit Plan which is intended to qualify under Section 401 of the Code.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement to be entered into as of the Closing Date by the Company, Carpenter and the Investors, substantially in the form of Exhibit G, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"REI II" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"REIMBURSABLE EXPENSES" has the meaning ascribed to it in Section 12.3.

"RELEASE" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Material into the Environment.

"REPRESENTATIVES" has the meaning ascribed to it in Section 4.2.

"RESOLUTION PERIOD" means the period ending 30 calendar days following receipt by an Indemnified Party of a Dispute Notice.

"RESTRUCTURING TRANSACTIONS" has the meaning ascribed to it in Section 4.9.

"RETAINED INVENTORY COST" has the meaning ascribed to it in Section 5.4(a).

"RICHMOND ACQUISITION AGREEMENT" means the agreement dated November 12, 1996 between Carpenter and the City of Richmond, Indiana, pursuant to which Carpenter has acquired ownership of the Richmond Facility from such City.

"RICHMOND FACILITY" means the real property and improvements thereon comprising Carpenter's manufacturing facility in Richmond, Indiana.

"SEC" means the Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder.

"SEPTEMBER 30 COMPILED FINANCIAL STATEMENTS" has the meaning ascribed to it in Section 2.8(a).

"SEMI-FINISHED BUSES" means, as of any date of determination, those buses held by Carpenter as inventory on such date which consist of a bus body attached to a bus chassis.

"SITE" means any of the real properties currently or previously owned, leased or operated by Carpenter, the Company, any predecessor of Carpenter or the Company, or Subsidiaries, or any entity previously owned by CMI, Carpenter or the Company (other than the Mitchell Facility and the Former Mitchell Properties), including all soil, subsoil, surface waters and groundwater thereat.

"SPARTAN" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"STOCKHOLDERS' AGREEMENT" means the Stockholders' Agreement to be entered into as of the Closing Date by the Company, Carpenter and the Investors, substantially in the form of Exhibit E, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"SUBSIDIARY" means any Person in which Carpenter or the Company, directly or indirectly through Subsidiaries or otherwise, beneficially owns more than 50% of either the equity interests in, or the voting control of, such Person.

"SUPPLY AGREEMENT" means the Supply Agreement to be entered into as of the Closing Date by Carpenter and the Company with respect to tool and die products manufactured at the Mitchell Facility, substantially in the form of Exhibit K, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"TAX" or "TAXES" means all federal, state, local or foreign net or gross income, gross receipts, net proceeds, sales, use, AD VALOREM, value added, franchise, bank shares, withholding, payroll, employment, excise, property, alternative or add-on minimum, environmental or other taxes, assessments, duties, fees, levies or other governmental charges of any nature whatever, whether disputed or not, together with any interest, penalties, additions to tax or additional amounts with respect thereto.

"TAX RETURNS" means any returns, reports or statements (including any information returns) required to be filed with any Governmental or Regulatory Authority for purposes of a particular Tax.

"THIRD PARTY CLAIM" has the meaning ascribed to it in Section 8.2(a).

"TRANSFERRED EMPLOYEES" has the meaning ascribed to it in Section 5.6(a).

"TRUST" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"UNFINISHED BUSES AND CHASSIS" means, as of any date of determination, those items held by Carpenter or the Company as inventory on such date which consist of either (a) a bus body which is not attached to a bus chassis or (b) a bus chassis that has been received at the Richmond Facility or on behalf of Carpenter or the Company at a Corbeil facility and that is not attached to a bus body.

"UNSECURED NEWCOURT INDEBTEDNESS" has the meaning ascribed to it in Section 2.8(h).

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; (v) the words "include," "includes" and "including" are deemed to be followed by the phrase "without limitation"; and (vi) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of CMI and Carpenter. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE XII

MISCELLANEOUS

12.1 NOTICES. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed by prepaid first class certified mail, return receipt requested, or mailed by overnight courier prepaid, to the parties at the following addresses or facsimile numbers:

If to REI II, to:

Recovery Equity Investors II, L.P.
901 Mariner's Island Boulevard
Suite 555
San Mateo, CA 94404

Facsimile No.: (415) 578-9842
Attn: Joseph J. Finn-Egan
Jeffrey A. Lipkin

with a copy to:

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178
Facsimile No.: (212) 309-6273
Attn: Philip H. Werner, Esq.

If to Spartan, to:

Spartan Motors, Inc.
1000 Reynolds Road
Charlotte, Michigan 48813
Facsimile No.: (517) 543-7729
Attn: George Sztykiel

with a copy to:

Foster, Swift, Collins & Smith
313 South Washington Square
Lansing, MI 48933
Facsimile No.: (517) 371-8200
Attn: James B. Jensen, Jr., Esq.

If to Carpenter or the Company, to:

Carpenter Industries LLC
1100 Industries Road
Richmond, IN 47374
Facsimile No.: (317) 965-4100
Attn: Timothy S. Durham

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

If to Curtis, to:

The Curtis Publishing Company
1000 Waterway Boulevard
Indianapolis, IN 46202

Facsimile No.: (317) 633-8813
Attn: Dr. Beurt SerVaas

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

If to the Trust, to:

1000 Waterway Boulevard
Indianapolis, IN 46202
Facsimile No.: (317) 633-8813
Attn: Dr. Beurt SerVaas

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

All such notices, requests and other communications to any party hereto will (i) if delivered personally to such party at its address as provided in this Section 12.1, be deemed given upon delivery, (ii) if delivered by facsimile transmission to such party at its facsimile number as provided in this Section 12.1, be deemed given upon receipt, (iii) if delivered by mail in the manner described above to such party at its address as provided in this Section 12.1, be deemed given on the earlier of the third Business Day following mailing or upon receipt and (iv) if delivered by overnight courier prepaid to such party at its address as provided in this Section 12.1, be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 12.1). Any party hereto from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to each other party hereto.

12.2 ENTIRE AGREEMENT. This Agreement and the Operative Agreements supersede all prior discussions and agreements between the parties with respect to the subject matter hereof and thereof and contain the sole and entire agreement between the parties hereto with respect to the subject matter hereof and thereof.

12.3 EXPENSES. Except as otherwise expressly provided in this Agreement (including without limitation as provided in Article IX and Section 10.2), each party hereto will pay its own costs and expenses; PROVIDED, HOWEVER, that (x) upon the Closing, the Company shall reimburse each of Carpenter and the Investors for all of the reasonable fees and

expenses (including the fees and expenses of counsel, consultants and accountants), incurred by Carpenter or such Investor, as the case may be, prior to the Closing in connection with this Agreement, the Operative Agreements and the transactions contemplated hereby or thereby, provided that the approximate amount of any such expense has been previously disclosed to the Investors and Carpenter prior to the date hereof (the "Reimbursable Expenses"); (y) in the event any provision of this Agreement is breached by any of the Owners, Carpenter or the Company and the Closing does not occur, the Owners, Carpenter and the Company jointly and severally shall reimburse each Investor for its Reimbursable Expenses and (z) in the

event this Agreement has been terminated or, prior to June 30, 1997, the Closing has not occurred and Carpenter, the Company or any Subsidiary of either of them consummates within 12 months following the earlier of such termination or June 30, 1997, a Business Combination or enters into an agreement, arrangement or understanding (including a non-binding letter of intent) to consummate a Business Combination, the Owners, Carpenter and the Company jointly and severally shall, promptly upon the earliest of such event to occur, pay $500,000 in cash to each Investor.

12.4 PUBLIC ANNOUNCEMENTS. At all times at or before the Closing, none of the Owners, Carpenter, the Company or the Investors will issue or make any statements or releases to the public with respect to this Agreement or the transactions contemplated hereby without the consent of the others, which consent shall not be unreasonably withheld. If any party hereto is unable to obtain the approval of its public statement or release from the other parties hereto and such statement or release is, in the opinion of legal counsel to such party, required by Law in order to discharge such party's disclosure obligations, then such party may make or issue the legally required statement or release and promptly furnish the other parties with a copy thereof. Each of the Owners, Carpenter, the Company and the Investors will also obtain the other parties' prior approval of any press release to be issued immediately following the Closing announcing the consummation of the transactions contemplated by this Agreement.

12.5 CONFIDENTIALITY. Each party hereto will hold in strict confidence from any Person (other than any Affiliate or Representative or partner of such party) unless (i) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary consents and approvals in respect of this Agreement and the transactions contemplated hereby of Governmental or Regulatory Authorities and other third parties) or by other requirements of Law or (ii) disclosed in an Action or Proceeding brought by a party hereto in pursuit of its rights or in the exercise of its remedies hereunder, all documents and information concerning the other parties or any of their respective Affiliates furnished to it by any such other party or any such other party's Representatives in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously known by the party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving party or (c) later acquired by the receiving party from another source if the receiving party is not aware that such source is under an obligation to another party hereto to keep such documents and information confidential. In the event the transactions contemplated hereby are not consummated, upon the request of any other party hereto, each party hereto will, and will cause its Affiliates and their respective Representatives to, promptly redeliver or

cause to be redelivered all copies of documents and information furnished by such other party in connection with this Agreement or the transactions

contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the party furnished such documents and information or its Representatives.

12.6 FURTHER ASSURANCES; POST-CLOSING COOPERATION. At any time and from time to time after the Closing, the Owners, Carpenter and the Company shall execute and deliver to each Investor such other documents and instruments, provide such materials and information and take such other actions as any Investor may reasonably request more effectively to vest title in such Investor to the Purchased Stock being purchased by such Investor hereunder and otherwise to cause the Owners, Carpenter and the Company and to fulfill their respective obligations under this Agreement and the Operative Agreements.

12.7 WAIVER. Any term or condition of this Agreement may be waived at any time by any party hereto that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition (and no such waiver shall in any event be binding on any other party hereto that is entitled to the benefits of such term or provision). No waiver by any party hereto of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

12.8 AMENDMENT. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

12.9 THIRD PARTY BENEFICIARIES. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors and permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights, and this Agreement does not confer any such rights, upon any other Person other than any Person entitled to indemnity under Article IX.

12.10 NO ASSIGNMENT; BINDING EFFECT. Neither this Agreement nor any right, interest or obligation hereunder may be assigned (by operation of law or otherwise) by any of the Owners, Carpenter or the Company without the prior written consent of the Investors and any attempt to do so will be void. No Investor may assign its right hereunder to acquire Purchased Stock to any other Person without the prior written consent of the other parties hereto. Subject to the two immediately preceding sentences, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

12.11 HEADINGS. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

12.12 INVALID PROVISIONS. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

12.13 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

12.14 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

12.15 LIMITED RECOURSE. Notwithstanding anything in this Agreement, any Operative Agreement or any other document, agreement or instrument contemplated hereby or thereby to the contrary, the obligations of any Investor hereunder and under any Operative Agreement shall be without recourse to any partner, Associate or Affiliate of such Investor or its partners, or any of such Investor's officers, directors, employees or agents and shall be limited to the assets of such Investor.

12.16 INVESTORS' OBLIGATIONS SEVERAL AND NOT JOINT. The obligations of each Investor under this Agreement are several and not joint, and no Investor shall be Liable or otherwise responsible in any manner for any violation or breach of, or any failure to perform, any provision of this Agreement on the part of the other Investor.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each party hereto as of the date first above written.

CARPENTER INDUSTRIES INC.

By: /S/ TIMOTHY DURHAM
Name: Timothy S. Durham
Title: President

CARPENTER INDUSTRIES LLC

By: /S/ TIMOTHY DURHAM
Name: Timothy S. Durham
Title: President

THE CURTIS PUBLISHING COMPANY

By: /S/ BEURT SERVAAS
Name: Dr. Beurt R. SerVaas
Title: President

By: /S/ JOAN S. DURHAM
Name: Joan S. Durham
Title: Assistant Secretary

BEURT SERVAAS REVOCABLE TRUST

By: /S/ BEURT SERVAAS
Name: Dr. Beurt R. SerVaas
Title: in his capacity as Trustee and not in his individual capacity

SPARTAN MOTORS, INC.

By: /S/ GEORGE W. SZTYKIEL C.E.O.
Name: George Sztykiel
Title: Chief Executive Officer

RECOVERY EQUITY INVESTORS, II, L.P.,

By: Recovery Equity Partners II, L.P.,
its general partner

By: /S/ JOSEPH J. FINN-EGAN
Name: Joseph J. Finn-Egan
Title: General Partner

By: /S/ JEFFREY A. LIPKIN
Name: Jeffrey A. Lipkin
Title: General Partner

GUARANTEE OF DR. BEURT R. SERVAAS

1. Dr. Beurt R. SerVaas (the "Guarantor") does hereby personally guarantee full, prompt and complete performance by The Curtis Publishing Company, an Indiana corporation, Carpenter Industries LLC, an Indiana limited liability company, and the Beurt R. SerVaas Revocable Trust (collectively, the "SerVaas Entities"), of their respective obligations under Sections 4.16, 4.17, 5.1, 5.3, 5.4 and 5.8 of the Investment Agreement dated as of December 23, 1996 (as the same may be amended, supplemented or otherwise modified from time to time, the "Agreement"), including, without limitation, the payment of all sums that may become due to Carpenter Industries Inc., a Delaware corporation, from the SerVaas Entities thereunder.

2. This Guarantee shall continue in full force and effect until all the obligations of the SerVaas Entities under the Sections of the Agreement specified in paragraph 1 above have been fully discharged by the SerVaas Entities.

3. The obligations of the Guarantor under this Guarantee shall not be discharged, impaired or otherwise affected by any alteration, modification or extension of the obligations of the SerVaas Entities under the Agreement.

4. The Guarantor hereby waives notice of acceptance of this Guarantee.

5. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned hereby sets his hand as of the day and year set forth below.

/S/ BEURT R. SERVAAS
DR. BEURT R. SERVAAS

Dated as of December 23, 1996.

EXHIBIT 2(b)

AMENDMENT NO. 1 dated as of January 6, 1997, to the Investment Agreement dated as of December 23, 1996 (the "Investment Agreement"), among Recovery Equity Investors II, L.P., a Delaware limited partnership ("REI II"), Spartan Motors, Inc., a Michigan corporation ("Spartan"), Carpenter Industries, Inc., a Delaware corporation (the "Company"), Carpenter Industries LLC, an Indiana limited liability company ("Carpenter"), the Beurt SerVaas Revocable Trust, a trust organized under the laws of the State of Indiana (the "Trust"), and The Curtis Publishing Company, an Indiana corporation ("Curtis").

WHEREAS, REI II, Spartan, the Company, Carpenter, the Trust and Curtis are parties to the Investment Agreement; and

WHEREAS, the parties hereto desire to amend the Investment Agreement by amending the definition of "Net Contribution Amount" as set forth below.

NOW, THEREFORE, in consideration of the mutual agreements set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. AMENDMENT TO INVESTMENT AGREEMENT. The Investment Agreement is hereby amended as of the date hereof by amending the definition of "Net Contribution Amount" in Section 11.1 thereof to read in its entirety as follows:

"'NET CONTRIBUTION AMOUNT' means, with respect to any period, an amount equal to (a) the aggregate amount of cash advanced to Carpenter by the Owners and their respective Affiliates (other than Timothy S. Durham) during such period, PLUS (b) the aggregate amount of cash contributed to the capital of Carpenter by the Owners and their respective Affiliates during such period, MINUS (c) the aggregate amount of such advances and contributions made for the primary purpose of developing Carpenter's Shuttle Bus Business, MINUS (d) the aggregate amount of all cash, securities and other property paid (other than as salary or as reimbursement of expenses, in either case incurred in the ordinary course of business, including rental expense for the office at Curtis in Indianapolis (as set forth in SECTION 2.15(A) OF THE DISCLOSURE SCHEDULE) and equipment lease expenses under that certain Equipment Lease Agreement between SerVaas, Inc. and Carpenter, dated December 21, 1993 (as set forth in SECTION 2.18(2)(M) OF THE DISCLOSURE SCHEDULE)) or distributed to the Owners and their respective Affiliates during such period (other than the distribution to the Owners of the net proceeds of Carpenter's sale of 800 shares of CII's common stock pursuant to the CII Stock Purchase Agreement), MINUS (e) the amount, if any, by which (i) Carpenter's net accounts receivables as set forth in the Pro Forma Balance Sheet EXCEEDS (ii) the actual amount of Carpenter's net accounts receivables as of October 31, 1996."

2. EFFECTIVENESS. This Amendment shall be effective upon the execution of a counterpart hereof by each of the parties hereto. From and after the effectiveness of this Amendment, all references to the Investment Agreement in the Operative Agreements and the New Curtis Note shall constitute references to the Investment Agreement as amended hereby.

3. NO OTHER MODIFICATIONS. Except as expressly amended by this Amendment, the Investment Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof.

4. AMENDMENT. This Amendment may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

5. BINDING EFFECT. This Amendment is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and permitted assigns under the Investment Agreement.

6. HEADINGS. The headings used in this Amendment have been inserted for convenience of reference only and do not define or limit the provisions hereof.

7. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

8. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each party hereto as of the date first above written.

CARPENTER INDUSTRIES INC.

By /S/ TIMOTHY DURHAM
Name: Tim Durham
Title: Pres

CARPENTER INDUSTRIES LLC

By /S/ TIMOTHY DURHAM
Name: Tim Durham
Title: Pres

THE CURTIS PUBLISHING COMPANY

By /S/ BEURT R. SERVAAS
Name: Beurt R. SerVaas
Title: President

By /S/ JOAN S. DURHAM
Name: Joan S. Durham
Title: Secretary

BEURT SERVAAS REVOCABLE TRUST

By /S/ BEURT R. SERVAAS
Name: Beurt R. SerVaas
Title: Trustee

SPARTAN MOTORS, INC.

By /S/ GEORGE W. SZTYKIEL
Name: George W. Sztykiel
Title: C.E.O. & C.O.O.

RECOVERY EQUITY INVESTORS, II, L.P.,

By: Recovery Equity Partners II, L.P.,
its general partner

By _____
Name: Joseph J. Finn-Egan
Title: General Partner

By _____
Name: Jeffrey A. Lipkin
Title: General Partner

EXHIBIT 10(a)

- ---

CARPENTER INDUSTRIES INC.

STOCKHOLDERS' AGREEMENT

JANUARY ___, 1997

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Exhibit C Initial Members of Board of Directors

Schedule 2.5(e) List of Certain Competitors to whom Offered Securities may not be Sold

STOCKHOLDERS' AGREEMENT dated as of January ___, 1997, among CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY"), SPARTAN MOTORS, INC., a Michigan corporation ("SPARTAN"), RECOVERY EQUITY INVESTORS II, L.P., a Delaware limited partnership ("REI II"), and CARPENTER INDUSTRIES LLC, an Indiana limited liability company. Capitalized terms are used as defined in Article I hereto.

RECITALS

WHEREAS, the Company, Spartan, REI II, SerVaas, the Beurt SerVaas Revocable Trust and The Curtis Publishing Company have entered into that certain Investment Agreement dated as of December 23, 1996 (as the same may be amended, supplemented or otherwise modified from time to time, the "INVESTMENT AGREEMENT"), pursuant to which, among other things, each of Spartan and REI II is acquiring 300 newly issued shares of the Company's common stock, no par value per share (the "Common Stock");

WHEREAS, immediately following the consummation of the transactions contemplated by the Investment Agreement, SerVaas shall own, beneficially and of record, 300 shares of Common Stock; accordingly, at such time, Spartan will own 33- % of the outstanding Common Stock, REI II will own 33- % of the outstanding Common Stock and SerVaas will own 33- % of the outstanding Common Stock;

WHEREAS, each of Spartan, REI II, SerVaas and the Company desires to enter into this Agreement to regulate certain aspects of their relationship and to provide for, among other things, restrictions on the transfer or other disposition of certain securities of the Company and matters relating to the corporate governance of the Company; and

WHEREAS, the Investment Agreement, among other things, provides that the execution and delivery of a stockholders' agreement in substantially the form hereof is a condition to the consummation of the other transactions contemplated by the Investment Agreement.

NOW, THEREFORE, in connection with the Investment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
CERTAIN DEFINITIONS

1.1 DEFINED TERMS.

(a) The following defined terms, when used in this Agreement, shall have the respective meanings set forth below (such definitions to be equally applicable to both singular and plural forms of the terms defined):

"ACCEPTANCE DATE" has the meaning ascribed to it in Section 6.4(b).

"ADDITIONAL STOCKHOLDER" means any Person (other than the Stockholders) to whom the Company issues Restricted Securities after the date hereof other than pursuant to a public offering registered under the Securities Act, in each case who has executed a Joinder Agreement as an Additional Stockholder pursuant to Section 6.2, and its direct and indirect Permitted Transferees, so long as any such Person shall hold Restricted Securities.

"AFFILIATE" means, with respect to any Person, (a) any other Person directly or indirectly controlling, controlled by or under common control with, that Person, (b) any other Person that owns or controls (i) 5% or more of any class of equity securities of that Person or any of its Affiliates or (ii) 5% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option, warrant, convertible security or similar right) of that Person or any of its Affiliates, or (c) any director, partner, officer, agent, employee or relative of that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise.

"APPRAISED VALUE" means, as of any date of determination, the aggregate fair market value of the Common Stock as of such date without any discount for illiquidity of the market for Common Stock or minority status, as determined by an Independent Investment Bank.

"ARTICLE III OFFER" has the meaning ascribed to it in Section 3.1(a).

"ASSOCIATE" means, with respect to any Person, any corporation or other business organization of which such Person is an officer or partner or is the beneficial owner, directly or indirectly, of 10% or more of any class of its equity securities, any trust or estate in

which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar capacity and any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"BOARD" means the Board of Directors of the Company.

"BUYER" has the meaning ascribed to it in Section 3.1(a).

"CERTIFICATE OF INCORPORATION" means the Certificate of

Incorporation of the Company, as the same may be amended or restated from time to time.

"CHANGE OF CONTROL" means the occurrence in one or more transactions or events or series of transactions or events of any of the following: (i) the sale or transfer of all or substantially all of the assets of the Company; (ii) any merger, consolidation, recapitalization, reorganization or similar event to which the Company is a party, other than any such transaction immediately after which (A) the Spartan Stockholders, the SerVaas Stockholders and their respective direct and indirect Permitted Transferees shall continue to beneficially own, and have the economic interest in, securities representing in the aggregate the same percentage of the Total Voting Power of the Company and the same percentage of the equity interest in the Company, in each case calculated on a Fully Diluted Basis, as was owned by them in the aggregate immediately prior to such transaction, and (B) each of the Spartan Stockholders, the SerVaas Stockholders and its Permitted Transferees continues to have beneficial ownership and economic interest in the Company's securities in the same proportion in relation to the other Stockholders as a group as immediately before such transaction; (iii) the dissolution or liquidation of the Company; (iv) the Spartan Stockholders, the SerVaas Stockholders and their respective Permitted Transferees cease to beneficially own, and have the economic interest in, more than 40% of the Common Stock calculated on a Fully Diluted Basis; (v) the Spartan Stockholders, the SerVaas Stockholders and their respective Permitted Transferees shall cease to have more than 40% of the Total Voting Power of the Company, calculated on a Fully Diluted Basis; or (vi) any Person or "group" (as defined in Rule 13D under the Exchange Act) other than the Spartan Stockholders, the SerVaas Stockholders and their respective Permitted Transferees shall own, beneficially or of record, more than 40% of the Common Stock, calculated on a Fully Diluted Basis, or shall have more than 40% of the Total Voting Power, calculated on a Fully Diluted Basis.

"CLOSING" has the meaning ascribed to it in the Investment Agreement.

"CLOSING DATE" has the meaning ascribed to it in the Investment Agreement.

"COMMISSION" means the Securities and Exchange Commission and any other similar or successor agency of the federal government administering the Securities Act or the Exchange Act.

"COMMON STOCK" has the meaning ascribed to it in the recitals hereto.

"COMPANY" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"COMPANY DESIGNEE" has the meaning assigned to it in Section 4.1(a).

"COMPANY NOTICE" has the meaning ascribed to it in Section 2.5(b).

"CONTRACT" has the meaning ascribed to it in the Investment Agreement.

"DEFAULT RATE" means the lesser of (i) the Prime Rate plus 5% per annum and (ii) the maximum permitted interest rate under applicable law. Each change in the Prime Rate shall result in a corresponding change in the Default Rate effective at the time of such change in the

Prime Rate.

"DR. SERVAAS" means Dr. Beurt R. SerVaas.

"EBT" means for the Company for any fiscal period, the consolidated net income (loss) of the Company and its consolidated Subsidiaries for such fiscal period, determined in accordance with generally accepted accounting principles and in a manner consistent with that used in the preparation of the Company's consolidated financial statements for periods commencing after the Closing Date, PLUS (a) the sum of the following amounts of the Company and its consolidated Subsidiaries for such fiscal year, in each case determined on a consolidated basis in accordance with generally accepted accounting principles and used in the manner described above, to the extent included in the determination of such net income (loss): (i) federal, state and local income tax expense, (ii) extraordinary losses and (iii) expenses attributable to any management stock bonus, cash bonus, stock option or similar incentive plan, including any bonuses payable pursuant to employment agreements; LESS (b) the extraordinary gains of the Company and its consolidated Subsidiaries for such fiscal period, determined on a consolidated basis in accordance with generally accepted accounting principles used in the

manner described above, to the extent included in the determination of such net income (loss); PROVIDED, HOWEVER, that the determination of EBT shall exclude the effects of any adjustments resulting from the application of Accounting Principles Board Opinion Numbers 16 and 17 in connection with transactions or events occurring after the Closing.

"EBT VALUE" means, as of any date of determination, an amount equal to the product of (i)10 MULTIPLIED BY (ii) the Company's EBT for the twelve-fiscal month period ending on the last day of the last full fiscal month immediately preceding the date of determination.

"EQUITY EQUIVALENTS" means securities which, by their terms, are or may be exercisable, convertible or exchangeable for or into Common Stock at the election of the holder thereof.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the Commission thereunder.

"FREELY TRADEABLE" means, with respect to any securities, that there exists an active public trading market for such securities, that such securities are either listed on the New York Stock Exchange or the American Stock Exchange or quoted on the NASDAQ National Market System and that no restrictions on trading such securities exist, including any restrictions of the kind contemplated under Rule 144 under the Securities Act with respect to "restricted securities" (as such term is defined in such Rule) except to the extent such restrictions under Rule 144 would not have a reasonable likelihood of restricting the public resale of such securities by the holder thereof for a period in excess of six months.

"FULLY-DILUTED BASIS" means, with respect to the calculation of the number of shares of Common Stock, (i) all shares of Common Stock outstanding at the time of determination and (ii) all shares of Common Stock issuable upon the exercise, conversion or exchange of any Equity Equivalents outstanding at the time of determination.

"INCLUSION NOTICE" shall have the meaning ascribed to it in Section 3.1(a).

"INCLUSION RIGHT" shall have the meaning ascribed to it in Section 3.1(b).

"INDEPENDENT INVESTMENT BANK" means any nationally recognized investment bank or valuation firm chosen by the Company and consented to by the holders of a majority of the Restricted Securities then held by each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders, which consent in each case shall not be

unreasonably withheld or delayed; PROVIDED, HOWEVER, that if any such consent is withheld or delayed, the Independent Investment Bank shall be selected as provided in Section 4.3.

"INVESTMENT AGREEMENT" shall have the meaning ascribed to it in the recitals hereto.

"JOINDER AGREEMENT" means a Joinder Agreement substantially in the form attached hereto as Exhibit A-1, A-2 or A-3.

"LIEN" means any lien, claim, option, charge, encumbrance, security interest or other adverse claim of any kind.

"LOOK-BACK CONSIDERATION" means, with respect to any Look-Back Event, (i) the aggregate consideration directly or indirectly received or to be received by the Company, its stockholders and their respective Subsidiaries and Affiliates in connection with such Look-Back Event, including all cash, securities, obligations, notes, bonuses, consulting, non-competition and similar payments and other property received or receivable by any of the Company, its stockholders and their respective Subsidiaries and Affiliates, PLUS (ii) the aggregate amount of all indebtedness of the Company, its stockholders and their respective Subsidiaries and Affiliates assumed in connection with such Look-Back Event by the counterparty or counterparties thereto PLUS (iii) without duplication of amounts included in clauses (i) and (ii) above, any dividends or other distributions declared or paid by the any of Company, its Subsidiaries and their respective Affiliates in contemplation of, immediately prior to or contemporaneously with, such Look-Back Event the consummation thereof. For the purposes of this definition, the value of any consideration other than cash shall be determined as follows: (x) if the consideration consists of securities that are traded on a national securities exchange, the value thereof (on a per share basis) shall equal the last closing price per share prior to the consummation of such Look-Back Event, (y) if the consideration consists of securities that are traded on an over-the-counter market, the value thereof (on a per share basis) shall equal the mean of the last closing bid and ask prices per share prior to the consummation of the Look-Back Event and (z) if the consideration is of any other type, the value thereof shall equal its fair market value (without any discount for illiquidity of the market therefor or minority status, in the case of securities) as determined by an Independent Investment Bank.

"LOOK-BACK EVENT" means the occurrence of any of the following events (or any series of events giving rise to any of the following events) during the period beginning on the date of the Put Notice and ending on the first anniversary of the date of the purchase and sale of the Put Option Securities: (i) a Change of Control; (ii) a public

offering of Common Stock; or (iii) the entering into of any agreement, arrangement or understanding (whether written or oral) by any of the Company, its Subsidiaries, the Stockholders and their respective Affiliates with respect to any event specified in clause (i) or (ii) above.

"LOOK-BACK PAYMENT" has the meaning ascribed to it in Section 4.2(a).

"MATERIAL CONTRACT" means, as applied to any Contract to which the Company or any of its Subsidiaries is a party or by which any of them is bound:

(i) any Contract containing any provision or covenant prohibiting or limiting the ability of the Company or any Subsidiary thereof to engage in any business activity or compete with any Person;

(ii) any partnership, limited liability company, joint venture, stockholders' or other similar Contract;

(iii) any Contract (A) with one or more of its independent contractors, distributors, dealers, manufacturers' representatives, sales agencies or franchisees, (B) with one or more of its aggregators, manufacturers or equipment vendors, or (C) with respect to the sale of services, products or both to customers; in each case involving payments to or from the Company or any Subsidiary of the Company in excess of $100,000 in any fiscal year;

(iv) any Contract between or among the Company or any Subsidiary thereof, on the one hand, and any current or former officer, director, Stockholder, Affiliate or Associate of the Company or any Subsidiary thereof or any Associate of any such officer, director, Stockholder, Affiliate or Associate (other than the Company or any Subsidiary thereof), on the other hand, including any such Contract entered into pursuant to Section 6.5;

(v) any collective bargaining or similar labor Contract;

(vi) any Contract that (A) limits or contains restrictions on the ability of the Company or any Subsidiary thereof (x) to declare or pay dividends on, to make any other distribution in respect of, or to issue or purchase, redeem or otherwise acquire, its equity capital or capital stock, as the case may be, or (y) to change the lines of business in which it participates or engages or (B) requires the Company or any Subsidiary thereof to maintain specified financial ratios or levels of net worth or other indicia of financial condition; and

(vii) any other Contract involving payments to or from the Company or any Subsidiary of the Company in excess of $100,000, in any fiscal year.

"NEW COMMON STOCK" means any Common Stock or Equity Equivalent, other than any:

(i) Common Stock and Equity Equivalents issued in connection with any stock split, stock dividend or reclassification of any Restricted Securities or Equity Equivalents;

(ii) Common Stock and Equity Equivalents issuable in a public offering registered under the Securities Act;

(iii) Common Stock and Equity Equivalents issued to financial institution(s) on arm's-length terms in connection with (and ancillary to) an extension of credit by such financial institution(s); and

(iv) Common Stock and Equity Equivalents issued to an unaffiliated seller or sellers of another company or business in

connection with an arm's-length acquisition by the Company or one or more of its Subsidiaries of such company or business.

"NEW COMMON STOCK NOTICE" has the meaning ascribed to it in Section 6.4.

"NEW COMMON STOCK OFFER" has the meaning ascribed to it in Section 6.4.

"NOTICE OF INTENTION" has the meaning ascribed to it in Section 2.5(a).

"OFFERED SECURITIES" has the meaning ascribed to it in Section 2.5(a).

"OFFEREES" has the meaning ascribed to it in Section 3.1(a).

"OFFER PRICE" has the meaning ascribed to it in Section 2.5(a).

"ORIGINAL OWNERSHIP LEVEL" means, with respect to any Stockholder, the number of shares of Common Stock, on a Fully Diluted Basis, as adjusted for any stock splits, stock dividends or reclassifications or other similar events, held by such Stockholder on the Closing Date immediately after the Closing.

"PERMITTED TRANSFEREE" means:

(i) with respect to any Stockholder who is a natural person, the spouse or any lineal descendant (including by adoption and stepchildren) of such Stockholder, any son-in-law or daughter-in-law of such Stockholder, or any trust of which such Stockholder is the trustee and which is established solely for the benefit of any of the foregoing individuals and whose terms are not inconsistent with the terms of this Agreement;

(ii) with respect to any Stockholder who is not a natural person, (A) any Affiliate of such Stockholder and any trustee, officer, director or employee of such Stockholder or any such Affiliate, (B) any spouse, lineal descendant (including by adoption and stepchildren), son-in-law or daughter-in-law of the trustees, officers, directors and employees referred to in clause (A) above, and any trust where a majority in interest of the beneficiaries thereof are one or more of the persons described in this clause (B) and the trustees, officers, directors and employees described in clause (A) above and whose terms are not inconsistent with the terms of this Agreement;

(iii) as to any REI Stockholder, (w) any other REI Stockholders, (x) any general partner or limited partner of REI II, (y) any partner, officer or employee of any such general partner or limited partner, (z) any Affiliate of any such general partner or limited partner, (ww) any director, officer, employee, investment advisor or partner of any such Affiliate or general partner or limited partner (and any subsequent transferee of such partner), and (xx) any liquidating trust or similar entity established by REI II or any of the foregoing entities for the benefit of its partners or interest holders and their Permitted Transferees for the purpose of holding Restricted Securities; and

(iv) as to any SerVaas Stockholder, (w) any other SerVaas Stockholder, and (x) any liquidating trust or similar entity established by or on behalf of a SerVaas Stockholder and its Permitted Transferees for the purpose of holding Restricted

Securities;

PROVIDED, HOWEVER, that notwithstanding anything in paragraphs (i) through (iv) above to the contrary, (x) the "Permitted Transferees" of the Spartan Stockholders at any time of determination shall not include any person who is then an REI Stockholder, a SerVaas Stockholder or a Permitted Transferee of an REI Stockholder or a SerVaas Stockholder, (y) the "Permitted Transferees" of the REI Stockholders at any time of determination shall not include any person who is then a Spartan Stockholder, a SerVaas Stockholder or a Permitted Transferee of a Spartan Stockholder or a SerVaas Stockholder

and (z) the "Permitted Transferees" of the SerVaas Stockholders at any time of determination shall not include any person who is then an REI Stockholder, a Spartan Stockholder or a Permitted Transferee of an REI Stockholder or a Spartan Stockholder.

"PERSON" or "PERSON" means an individual, partnership, corporation, trust, unincorporated organization, limited liability company, joint venture, government (or any agency or political subdivision thereof) or any other entity of any kind.

"PRIME RATE" means, for any applicable day, the rate of interest publicly announced by Wells Fargo Bank N.A. at its principal office located in San Francisco, California as its prime commercial lending rate for such day.

"PRO RATA" means, with respect to one or more Stockholders, in proportion to the number of shares of Common Stock on a Fully-Diluted Basis owned by such Stockholder or Stockholders or which may be acquired by any such Stockholder or Stockholders upon exercising any rights under any Equity Equivalent owned by such Stockholder or Stockholders.

"PROSPECTIVE BUYER" has the meaning ascribed to it in Section 2.5(a).

"PROSPECTIVE BUYER NOTICE" has the meaning ascribed to it in Section 2.5(c).

"PUT NOTICE" has the meaning ascribed to it in Section 4.1(a).

"PUT OBLIGATION" has the meaning ascribed to it in Section 4.1(a).

"PUT OPTION SECURITIES" has the meaning ascribed to it in Section 4.1(a).

"PUT PRICE" has the meaning ascribed to it in Section 4.1(a).

"QUALIFYING OFFERING" means a widespread underwritten primary or secondary public offering of Common Stock pursuant to an effective registration statement under the Securities Act covering the offer and sale of Common Stock (i) that raises at least $30,000,000 of gross proceeds to the Company, (ii) as a result of which at least 33-1/3% (on a Fully-Diluted Basis) of the Common Stock is publicly held upon the consummation of such offering and (iii) that results in the shares of Common Stock so offered and sold being either (A) listed on the New York Stock Exchange or (B) quoted on the NASDAQ National Market System.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of the date hereof, among the Company, Spartan,

REI II and SerVaas, as the same may be amended, supplemented or otherwise modified from time to time.

"REI DIRECTOR" has the meaning ascribed to it in Section 5.1(a).

"REI II" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"REI STOCKHOLDERS" means REI II and its direct and indirect Permitted Transferees, so long as any such Person shall hold Restricted Securities.

"RESTRICTED SECURITIES" means the Common Stock, any Equity Equivalents and any securities issued with respect thereto as a result of any stock dividend, stock split, reclassification, recapitalization, reorganization, merger, consolidation or similar event or upon the conversion, exchange or exercise thereof.

"RULE 144 TRANSACTION" means a transfer of Common Stock (A) complying with Rule 144 under the Securities Act as such Rule is in effect on the date of such transfer (but not including a sale other than pursuant to a "brokers transaction" as defined in clauses (1) and (2) of paragraph (g) of such Rule as in effect on the date hereof) and (B) occurring at a time when shares of Common Stock are registered pursuant to Section 12 of the Exchange Act (or any successor to such Section).

"SALE OF THE COMPANY" means the sale of the Company (whether by merger, consolidation, recapitalization, reorganization, sale of securities of the Company or sale of all or substantially all the assets of the Company), for consideration consisting exclusively of cash and Freely Tradeable Securities, to one or more Persons (other than the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders) who acquire (i) securities representing 50% or more of the Total Voting Power of and equity interest in the Company, in each case on a Fully Diluted Basis, or (ii) all or substantially all of the assets of the Company.

"SECURITIES ACT" means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission thereunder.

"SELLING STOCKHOLDER" has the meaning ascribed to it in Section 2.5(a).

"SERVAAS" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"SERVAAS DIRECTOR" has the meaning ascribed to it in Section 5.1(a).

"SERVAAS STOCKHOLDERS" means SerVaas and its direct and indirect Permitted Transferees, so long as any such Person shall hold Restricted Securities.

"SIGNIFICANT TRANSACTION" means:

(i) any merger, consolidation or other business combination with respect to the Company or any Subsidiary thereof, or any sale or other disposition of all or substantially all of the Company's or any such Subsidiary's assets, or any acquisition by the Company or any such Subsidiary of any material business or assets, or the liquidation or dissolution of the Company or any Subsidiary or the adoption of any plan with respect to any such liquidation or dissolution;

(ii) any conveyance, sale, lease, transfer or other disposition of any significant amount of assets of the Company or any Subsidiary thereof, other than the sale of inventory in the ordinary course of business;

(iii) the incurrence of any Lien on any assets of the Company or any Subsidiary thereof, other than purchase money liens on items the purchase of which is not otherwise subject to Board approval under Section 5.5;

(iv) any issuance by the Company or any Subsidiary of any Common Stock, equity securities or Equity Equivalents;

(v) the incurrence, issuance, assumption or guaranty by the Company or any Subsidiary thereof of any indebtedness for borrowed money or any note, bond, debenture or similar instrument;

(vi) the entering into or termination of any Material Contract or any amendment to, or waiver or termination of, any material provision of any Material Contract;

(vii) the adoption or amendment of the Company's (or any of its Subsidiaries') business or financial plan or operating and capital expenditure budget;

(viii) any capital expenditure during any fiscal year in excess of the capital budget approved by the Board for such year;

(ix) the commencement of any lawsuit, proceeding or other action by or on behalf of the Company or any Subsidiary thereof (other than (A) collection actions commenced by the Company in the ordinary course of its business and (B) cross-claims and counterclaims the commencement and resolution of which would not reasonably be expected to have a material effect on the business or financial condition of the Company and its Subsidiaries, taken as a whole);

(x) the payment, or undertaking of any obligation to pay, compensation to any employees or officers in excess of amounts authorized by the Board from time to time;

(xi) the adoption of any pension plans, profit sharing plans or other benefit plans for any employees or officers of the Company or any Subsidiary thereof;

(xii) the selection or change of the Company's or any of its Subsidiaries; independent accountants or legal counsel;

(xiii) the hiring or discharge of senior management personnel of the Company or any Subsidiary thereof;

(xiv) the entry by the Company or any Subsidiary thereof into any line of business not included in the Board-approved business plan (including any such entry into a new line of business pursuant to the provisions of Section 5.9(b) of the Investment Agreement), or the exit by the Company or any such Subsidiary from any line of business included in such plan; or

(xv) any amendment to or modification or repeal of any provision of the certificate or articles of incorporation, by-laws or other constitutive documents of the Company or any Subsidiary thereof.

"SPARTAN" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"SPARTAN DIRECTOR" has the meaning ascribed to it in Section 5.1(a).

"SPARTAN STOCKHOLDERS" means Spartan and its direct and indirect Permitted Transferees, so long as any such Person shall hold Restricted Securities.

"STOCKHOLDERS" means each of the Spartan Stockholders, each of the REI Stockholders, each of the SerVaas Stockholders and any other Person who executes a Joinder Agreement and thereby becomes a party to this Agreement.

"SUBSIDIARY" means, with respect to any Person at any time of determination, any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at such time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a partnership, limited liability company, association or other business entity, a majority of the partnership or other similar ownership interests therein are at such time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, association, limited liability company, or other business entity if such Person or Persons shall be allocated a majority of partnership, limited liability company, association or other business entity gains or losses or shall be or control the managing director, general partner or manager of such partnership, limited liability company, association or other business entity.

"THIRD PARTY" has the meaning ascribed to it in Section 2.5(e).

"TOTAL VOTING POWER" means, with respect to any Person, (i) the total number of votes which holders of securities having the ordinary power to vote, without regard to the occurrence of any contingency, are entitled to cast in the election of directors of such Person and (ii) in the event holders of one or more classes or series of securities are entitled to vote separately as a class or series, without regard to the occurrence of any contingency, in such election, the total number of votes which the holders of such class or series are entitled to cast in such election.

"TRANSFER" means any direct or indirect sale, transfer, assignment, grant of a participation in, gift, hypothecation, pledge or other disposition of any securities or any interests therein or, as the context may require, to sell, transfer, assign, grant a participation in, give as a gift, hypothecate, pledge or otherwise dispose of, directly or indirectly, any securities or any interests therein; PROVIDED, HOWEVER, that the exercise of any conversion or exchangeability right provided for in the terms of any Equity Equivalent shall not be deemed a "Transfer."

"TRANSFEROR" has the meaning ascribed to it in Section 3.1(a).

"TRANSFEROR SHARES" has the meaning ascribed to it in Section 3.1(a).

(b) Unless otherwise provided herein, all accounting terms used in this Agreement shall be interpreted in accordance with generally accepted accounting principles as in effect from time to time, applied on a consistent basis.

ARTICLE II
RESTRICTIONS ON TRANSFERS

2.1 RESTRICTIONS GENERALLY; SECURITIES ACT.

(a) Each Stockholder agrees that it will not, directly or indirectly, Transfer any Restricted Securities except in accordance with the terms of this Agreement. Any attempt to Transfer or any purported Transfer of any Restricted Securities not in accordance with the terms of this Agreement shall be null and void and neither the Company nor any transfer agent of such securities shall give any effect to such attempted Transfer in its stock records.

(b) Each Stockholder agrees that, in addition to the other requirements set forth herein and in the Investment Agreement and the Registration Rights Agreement, it will not Transfer any Restricted Securities except (i) pursuant to an effective registration statement under the Securities Act, or (ii) unless such requirement is waived by the Company, upon receipt by the Company of (A) an opinion of counsel to such Stockholder (which opinion and counsel are reasonably satisfactory to the Company) or in connection with such Transfer an opinion of counsel to the Company, or a no-action letter from the Commission addressed to the Company or such Stockholder, in each case to the effect that no registration statement is required in connection with such Transfer because of the availability of an exemption from registration under the Securities Act.

2.2 LEGEND.

(a) Each certificate representing Restricted Securities shall be endorsed with the legends set forth in Exhibit B hereto and such other legends as may be required by applicable state securities laws.

(b) Any certificate issued at any time in exchange or substitution for any certificate bearing such legends (except a new certificate issued upon the completion of a Transfer pursuant to a registered public offering under the Securities Act and made in accordance with the Securities Act) shall also bear such legends, unless the Restricted Securities represented thereby are no longer subject to the provisions of this Agreement or, in the opinion of the Company (with advice from counsel to the Company, as the Company may deem appropriate), the restrictions imposed under the Securities Act or any state securities law, in which case the applicable legend (or legends) may be removed.

2.3 LIMITATIONS ON REPURCHASES, DIVIDENDS, ETC.

Each Stockholder acknowledges that the Company will enter into or has entered into certain financing agreements that will or do contain prohibitions of and restrictions and limitations on, among other things, the ability of the Company to purchase any Restricted Securities (whether pursuant to this Agreement or otherwise), to pay dividends and to waive, modify or discharge any rights or obligations under this Agreement.

2.4 TRANSFER RESTRICTIONS.

Each of the Stockholders agrees that it will not Transfer any Restricted Securities, other than (i) to a Permitted Transferee who shall have executed a Joinder Agreement substantially in the form of Exhibit A-1,

and thereby become a party to this Agreement; (ii) pursuant to Section 2.5 (Right of First Refusal); (iii) in accordance with Article III (Rights of Inclusion); (iv) pursuant to Article IV (Repurchase of Securities); (v) in a Qualifying Public Offering or (vi) in a Demand Registration or a Piggyback Registration (as such terms are defined in the Registration Rights Agreement). For purposes of this Section 2.4, each of the following events shall be deemed to constitute a Transfer by any SerVaas Stockholder that is not a natural person of all the Restricted Securities then held by such SerVaas Stockholder: (a) any merger, consolidation or similar business combination between such SerVaas Stockholder and any other person, other than any such transaction that is solely between such SerVaas Stockholder and a Permitted Transferee thereof; (b) any other event as a result of which Dr. SerVaas and his Permitted Transferees (determined after giving effect to such event) cease to own at least 75% of the equity interests in such SerVaas Stockholder; (c) any other event as a result of which Dr. SerVaas and his Permitted Transferees (determined after giving effect to such event) cease to own and vote securities representing at least 75% of the voting power of such SerVaas Stockholder or otherwise cease to exercise exclusive control over such SerVaas Stockholder with respect to any matter involving this Agreement.

2.5 RIGHT OF FIRST REFUSAL.

(a) Except for any Transfer of Restricted Securities permitted pursuant to clause (i), (iii), (iv), (v) or (vi) of Section 2.4, if pursuant to a bona fide third party offer a Stockholder desires to Transfer any Restricted Securities (such Transferring Stockholder, a "SELLING STOCKHOLDER" and the Restricted Securities proposed to be Transferred, the "OFFERED SECURITIES"), prior to any Transfer thereof it shall give written notice of the proposed Transfer (the "NOTICE OF INTENTION") to the Company and the other Stockholders (such parties other than the Company to whom such Notice of Intention is given, but excluding the Selling Stockholder, the "PROSPECTIVE BUYERS"), specifying the type and number of Offered Securities which such Selling Stockholder wishes to Transfer, the proposed

purchase price (the "OFFER PRICE") therefor and all other material terms and conditions of the proposed Transfer, including the identity of the third party offeror.

(b) For a period of 30 days following its receipt of the Notice of Intention, the Company shall have the right to purchase all or any portion of the Offered Securities at the Offer Price and on the other terms specified in the Notice of Intention, exercisable by delivery of an irrevocable notice (the "COMPANY NOTICE") to the Selling Stockholder, with a copy to each of the Prospective Buyers, specifying the number of Offered Securities with respect to which the Company is exercising such right to purchase.

(c) For a period of 30 days following its receipt of the Company Notice or, if no Company Notice is so received, for a period of 60 days following its receipt of the Notice of Intention, each of the Prospective Buyers shall have the right to purchase, at the Offer Price and on the other terms specified in the Notice of Intention, all or any portion of the Offered Securities which the Company has elected not to purchase up to such Prospective Buyer's Pro Rata portion thereof as determined by reference to all Prospective Buyers; PROVIDED, HOWEVER, that in the event that any Prospective Buyer does not purchase any or all of its Pro Rata portion of the Offered Securities, the other Prospective Buyers shall have the right to purchase such portion, on a Pro Rata basis as among themselves, until all of such Offered Securities are purchased or until such other Prospective Buyers do not desire to purchase any more Offered Securities. The right of the Prospective Buyers pursuant to this Section 2.5(c) shall be exercisable by delivery of a notice (the "PROSPECTIVE BUYER NOTICE"), setting forth the maximum number of Offered Securities that such Prospective Buyer wishes to purchase, to the Selling Stockholder, the

Company and the other Prospective Buyers and shall expire if unexercised within such 30-day or 60-day period, as applicable.

(d) Notwithstanding the foregoing provisions of this Section 2.5, unless the Selling Stockholder shall have consented to the purchase of less than all of the Offered Securities, neither the Company nor any Prospective Buyer may purchase any Offered Securities pursuant to such foregoing provisions unless all of the Offered Securities are to be so purchased (whether by the Company, the Prospective Buyers, or any combination thereof).

(e) If all notices required to be given pursuant to the foregoing provisions of this Section 2.5 have been duly given, and the Company and the Prospective Buyers determine not to exercise their respective rights to purchase the Offered Securities at the Offer Price and on the other terms specified in the Notice of Intention or determine, with the consent of the Selling Stockholder, to exercise such rights to purchase less than all of the Offered Securities, then the Selling Stockholder shall

have the right, for a period of 180 days from the earlier of (i) the expiration of the last applicable exercise period pursuant to Section 2.5(c) with respect to the proposed Transfer or (ii) the date on which such Selling Stockholder receives notice from the Company and the Prospective Buyers that none of them will exercise in whole or in part the purchase rights granted pursuant to this Section 2.5, to sell to a third party (a "THIRD PARTY"), other than the persons identified in Schedule 2.5(e), the Offered Securities remaining unsold under this Section 2.5 at a price not less than the Offer Price and on other terms which shall not be materially more favorable to the Third Party in the aggregate than those terms set forth in the Notice of Intention; PROVIDED, HOWEVER, that prior to any such Transfer to a Third Party, such Third Party shall have executed and delivered to the Company a Joinder Agreement substantially in the form of Exhibit A-3, and thereby become a party to this Agreement.

(f) The closing of any purchase by and sale to the Company or any Prospective Buyer pursuant to this Section 2.5 shall take place on such date, not later than 15 business days after the delivery to the Selling Stockholder of the Company Notice or, if the Company elects to purchase less than all of the Offered Securities, the Prospective Buyer Notice, as the parties to such purchase and sale shall select; PROVIDED, HOWEVER, that if no Prospective Buyer Notice is delivered, such closing shall take place not later than 15 days after the earlier of (i) the 60th day after the Company's receipt of the Notice of Intention with respect to the proposed Transfer and (ii) the date on which the Selling Stockholder receives notice from the Prospective Buyers that none of them will exercise in whole or in part the purchase rights granted pursuant to this Section 2.5. At the closing of such purchase and sale, the Selling Stockholder shall deliver certificates evidencing the Offered Securities being sold duly endorsed, or accompanied by written instruments of Transfer in form satisfactory to the purchaser thereof, duly executed by the Selling Stockholder, free and clear of any Liens, against delivery of the Offer Price therefor.

(g) Any Transfer by a Selling Stockholder which is subject to the requirements of this Section 2.5 (whether such Transfer is made to the Company, to a Prospective Buyer or to a Third Party) shall also be subject to each other Stockholder's rights of inclusion (if any) under Article III. Prior to any such Transfer, the Selling Stockholder shall deliver to the other Stockholders in accordance with Section 3.1(a) any Inclusion Notice required to be delivered under Section 3.1(a) in connection with such Transfer.

ARTICLE III
RIGHTS OF INCLUSION

3.1 RIGHTS OF INCLUSION.

(a) Except for any Transfer of Restricted Securities pursuant to clause (i), (iv), (v) or (vi) of Section 2.4, if:

(i) the Spartan Stockholders propose to transfer, in one transaction or a series of related transactions, Restricted Securities representing more than 5% of the Restricted Securities on a Fully-Diluted Basis;

(ii) the REI Stockholders propose to Transfer, in one transaction or a series of related transactions, Restricted Securities representing more than 5% of the Restricted Securities on a Fully-Diluted Basis; or

(iii) the SerVaas Stockholders propose to Transfer, in one transaction or a series of related transactions, Restricted Securities representing more than 5% of the Restricted Securities on a Fully-Diluted Basis;

in each case to any Person (the "BUYER") (the transferor under clause (i), (ii) or (iii) the "TRANSFEROR" and the securities proposed to be so Transferred, the "TRANSFEROR SHARES"), then, as a condition to such Transfer, the Transferor shall cause the Buyer to include an offer (the "ARTICLE III OFFER") to each of the Stockholders holding shares of the same class (and series) as the Transferor Shares who are not Transferors (collectively, the "OFFEREES"), to sell to the Buyer, at the option of each Offeree, that number of shares of the same class (and series) of Restricted Securities as the Transferor, determined in accordance with Section 3.1(b), on the same terms and conditions as are applicable to the Transferor Shares. The Transferor shall provide a written notice (the "INCLUSION NOTICE") of the Article III Offer to each Offeree, which may accept the Article III Offer by providing a written notice of acceptance of the Article III Offer to the Transferor within 30 days of delivery of the Inclusion Notice.

(b) Each Offeree shall have the right (an "INCLUSION RIGHT") to sell pursuant to the Article III Offer a Pro Rata number of its shares of Restricted Securities, determined by reference to the number of shares of Restricted Securities being sold by the Transferor to the Buyer. Any Offeree who owns Equity Equivalents may sell pursuant to the Article III Offer, in lieu of shares of Common Stock, Equity Equivalents representing that number of shares of Common Stock which it could sell pursuant to its Inclusion Right, and the purchase price for such Equity Equivalents shall equal the aggregate price that would be paid for the shares of Common Stock

issuable upon the exercise, exchange or conversion thereof minus the aggregate exercise, exchange or conversion price under such Equity Equivalents for such shares of Common Stock.

3.2 ARTICLE III SALES.

(a) Upon its exercise of an Inclusion Right, each Offeree shall, within a reasonable period prior to the closing of the purchase and sale of the Restricted Securities covered by the Article III Offer, deliver to the Transferor a certificate or certificates representing the Restricted

Securities to be Transferred pursuant to the Article III Offer by such Offeree, free and clear of all Liens, and a limited power-of-attorney authorizing the Transferor to sell or otherwise dispose of such Restricted Securities pursuant to the terms of the Article III Offer; PROVIDED, HOWEVER, that in the event that the purchase and sale of Restricted Securities contemplated by the Article III Offer is not completed, such certificate(s) shall be returned to the Offeree in accordance with Section 3.2(b).

The Transferor shall have 120 days, commencing on the expiration of the 30-day period referred to in Section 3.1(a), in which to Transfer to the Buyer, on behalf of itself and the Offerees, up to that number of shares of Restricted Securities equal to the sum of (i) the number of Restricted Securities covered by the Article III Offer PLUS (ii) (and the number of Transferor Shares). If all such shares are not sold to the Buyer, the Transferor, at its option, may elect to sell on behalf of itself and the Offerees such number of shares as the Buyer will purchase, allocated Pro Rata (as nearly as practicable) among the Transferor and the Offerees. The material terms of any Transfer referred to in the two immediately preceding sentences, including price and form of consideration, shall be as set forth in the Inclusion Notice. If at the end of such 120-day period the Transferor has not completed Transfer of all the Transferor Shares and all the Offerees' Restricted Securities (if any) proposed to be sold, the Transferor shall return to each of the Offerees its respective certificates, if any, representing the Restricted Securities which such Offeree delivered for Transfer pursuant to this Article III and which were not sold pursuant to the Article III Offer, and the provisions of this Article III shall continue to be in effect.

(b) Promptly after the Transfer of the Transferor Shares and Restricted Securities (if any) of the Offerees to the Buyer pursuant to this Article III, the Transferor shall notify the Offerees thereof, and the Buyer shall pay to the Transferor and each of the Offerees their respective portions of the sales price of the Restricted Securities so Transferred and shall furnish such other evidence of the completion of such Transfer and the terms thereof as may be reasonably requested by any Offeree.

(c) Notwithstanding anything to the contrary contained in this Article III, (i) except for the Transferor's obligation to return to each Offeree any certificates representing the Offerees' Restricted Securities, there shall be no liability on the part of the Transferor to any Stockholder in the event that any proposed Transfer pursuant to this Article III is not consummated for any reason, and (ii) whether or not any sale of Restricted Securities is effected pursuant to this Article III shall be in the sole and absolute discretion of the Transferor.

ARTICLE IV
REPURCHASE OF SECURITIES; LOOK-BACK

4.1 PUT RIGHT.

(a) In the event that there shall not have previously occurred (i) a Qualifying Offering or (ii) a Sale of the Company, commencing on the fifth anniversary of the Closing Date the REI Stockholders shall have the right (the "PUT RIGHT") to sell to the Company, in one transaction, all Restricted Securities (the "PUT OPTION SECURITIES") then owned by the REI Stockholders, and the Company shall be obligated to purchase (the "PUT OBLIGATION") from the REI Stockholders all of the Put Option Securities. The price per share to be paid by the Company for the Put Option Securities pursuant to this Article IV (the "PUT PRICE") shall equal (x) the greater of (A) the Appraised Value and (B) the EBT Value, in each case determined as of the date on which the Put Right is exercised, DIVIDED by (y) the

aggregate number of shares of Common Stock then outstanding. In order to exercise the Put Right, the REI Stockholders shall notify the Company in writing (a "PUT NOTICE") of their exercise thereof at any time at which the Put right may be exercised hereunder; PROVIDED, HOWEVER, that the Put Right may not be exercised following the tenth anniversary of the Closing Date. Once delivered, the Put Notice shall be irrevocable, except in the case of a breach by the Company of any of its obligations under paragraph (b) below. After the exercise of the Put Right, the Company or, at the option of the Company, any designee of the Company (a "COMPANY DESIGNEE") shall purchase all, but not less than all, of the Put Option Securities by paying the aggregate Put Price of all Put Option Securities to the REI Stockholders in cash within 30 days after the determination of the Put Price.

(b) The closing of the purchase and sale of the Put Option Securities shall take place on such date within the 45-day period specified in Section 4.1(a), and at such place, as the Company and the REI Stockholders shall agree. At such closing, the REI Stockholders shall Transfer full right, title and interest in and to the Put Option Securities to the Company, free and clear of all Liens, and shall deliver to the Company a certificate or certificates representing the Put Option Securities, in each case duly endorsed for transfer or accompanied by

appropriate transfer powers duly endorsed for transfer. At such closing, the Company shall pay to the REI Stockholders, by wire transfer of immediately available funds, an amount equal to the aggregate Put Price of all Put Option Securities.

(c) In the event that the Company shall not fully satisfy its obligation to pay the aggregate Put Price of all Put Option Securities in accordance with the terms hereof, such unsatisfied Put Obligation shall thereafter accrue interest at the Default Rate until the date that such Put Obligation and any accrued interest thereon have been satisfied in full. All amounts paid by the Company with respect to any outstanding Put Obligation shall be applied first to any accrued but unpaid interest thereon.

4.2 LOOK-BACK.

(a) Upon the occurrence of any Look-Back Event, the REI Stockholders shall be entitled to receive from the Company and the other Stockholders, and the Company (or, to the extent that the Company for any reason fails to pay any portion of the Look-Back Payment when due, the other Stockholders) shall pay to the REI Stockholders, an amount in immediately available funds (the "Look-Back Payment") equal to the excess, if any, of (i) the fair market value (as determined by an Independent Investment Bank) of the REI Stockholders' aggregate Pro Rata share of the Look-Back Consideration, determined as if the REI Stockholders had not sold their Restricted Securities pursuant to Section 4.1, over (ii) the aggregate Put Price of all Put Option Securities paid or payable to the REI Stockholders pursuant to Section 4.1. Such Look-Back Payment shall be made in the same manner and at the same time as the payment of the Look-Back Consideration which gives rise to such Look-Back Payment.

(b) In the event that the Company shall not fully satisfy its obligation to make any Look-Back Payment in accordance with the terms hereof, such unsatisfied Look-Back Payment shall thereafter accrue interest at the Default Rate until such Look-Back Payment and any accrued interest thereon have been paid in full. All amounts paid by the Company with respect to any unsatisfied Look-Back Payment shall be applied first to any accrued but unpaid interest thereon.

4.3 SELECTION OF INDEPENDENT INVESTMENT BANK.

In the event that an investment bank or valuation firm chosen by

the Company to act as the Independent Investment Bank for the purpose of making any determination contemplated by this Article IV has not been consented to by the requisite Spartan Stockholders, REI Stockholders and SerVaas Stockholders within 15 days after the Company notifies the Stockholders of its choice, then the Independent Investment Bank shall be selected as follows: Within 15 days after the expiration of such 15-day

period, (a) the REI Stockholders shall select a nationally recognized investment bank or valuation firm and (b) the holders of a majority of the Restricted Securities then held in the aggregate by the Spartan Stockholders and the SerVaas Stockholders shall select a nationally recognized investment bank or valuation firm. Thereafter, the two investment banks or valuation firms so selected shall, within 10 days following their selection, select a third nationally recognized investment bank or valuation firm, which third investment bank or valuation firm shall be the Independent Investment Bank for the purpose of making such determination.

ARTICLE V
CORPORATE GOVERNANCE

5.1 BOARD OF DIRECTORS.

(a) From and after the date hereof, each of the Stockholders shall vote or cause to be voted all of its shares of Common Stock, at any regular or special meeting of stockholders called for the purpose of filling positions on the Board, or to execute a written consent in lieu of such a meeting of stockholders for the purpose of filling positions on the Board, and shall take all other actions necessary, to ensure that the Board and the boards of directors of all Subsidiaries of the Company each consists of six members as follows:

(i) the REI Stockholders and the SerVaas Stockholders shall vote all of their shares of Common Stock so as to elect two individuals (individually, a "SPARTAN DIRECTOR" and, collectively, the "SPARTAN DIRECTORS") to be designated by the Spartan Stockholders until the time that the Spartan Stockholders shall have Transferred, in one or more transactions, other than to Permitted Transferees, 50% of the shares of Common Stock comprising the Spartan Stockholders' Original Ownership Level;

(ii) the Spartan Stockholders and the SerVaas Stockholders shall vote all of their shares of Common Stock so as to elect two individuals (individually, an "REI DIRECTOR" and, collectively, the "REI DIRECTORS") to be designated by the REI Stockholders until the time that the REI Stockholders shall have Transferred, in one or more transactions, other than to Permitted Transferees, 50% of the shares of Common Stock comprising the REI Stockholders' Original Ownership Level;

(iii) the Spartan Stockholders and the REI Stockholders shall vote all of their shares of Common Stock so as to elect two individuals (individually, a "SERVAAS DIRECTOR" and, collectively, the "SERVAAS DIRECTORS") to be designated by the SerVaas Stockholders,

until the time that the SerVaas Stockholders shall have Transferred, in one or more transactions, other than to Permitted Transferees, 50% of the shares of Common Stock comprising the SerVaas Stockholders' Original Ownership Level;

PROVIDED, HOWEVER, that (x) effective at the Closing, the Board shall consist of the six individuals identified in Exhibit C and (y) the Stockholders shall cause the Spartan Directors, the REI Directors and the SerVaas Directors identified in Exhibit C to be designated and elected as directors effective at the Closing.

(b) If, prior to his election to the Board pursuant to Section 5.1(a), any person shall be unable or unwilling to serve as a director of the Company, the group of Stockholders who designated such person shall be entitled to designate his replacement.

(c) If at any time any Person designated as a Spartan Director, an REI Director or a SerVaas Director is not then serving as a director of the Company, upon the written request of the Spartan Stockholders, the REI Stockholders or the SerVaas Stockholders, as the case may be, the Stockholders shall promptly take all action necessary or appropriate to elect an individual designated by the Spartan Stockholders (in the case of any Spartan Director), by the REI Stockholders (in the case of any REI Director) or by the SerVaas Stockholders (in the case of any SerVaas Director) to serve as a director in lieu of such Person from and after the time of such request.

5.2 REMOVAL.

If: (i) the Spartan Stockholders request that a Spartan Director elected as a director be removed (with or without cause), by written notice to the other Stockholders; (ii) the REI Stockholders request that an REI Director elected as a director be removed (with or without cause), by written notice to the other Stockholders; or (iii) the SerVaas Stockholders request that a SerVaas Director elected as a director be removed (with or without cause) by written notice to the Stockholders; then, in each such case, such director shall be removed and each Stockholder agrees, upon such request, to vote all shares of Common Stock owned by such Stockholder and other securities over which such Stockholder has voting control to effect such removal or to consent in writing to effect such removal.

5.3 VACANCIES.

In the event that a vacancy is created on the Board at any time by the death, disability, retirement, resignation or removal (with or without cause) of a director, each Stockholder agrees to vote, in the manner specified in Section 5.1, all shares of Common Stock owned by such

Stockholder and other securities over which such Stockholder has voting control for the individual designated to fill such vacancy by the group of Stockholders who designated the director whose death, disability, retirement, resignation or removal created such vacancy on the Board; PROVIDED, HOWEVER, that such other individual so designated may not previously have been a director of the Company who was removed for cause from the Board.

5.4 BOARD VOTING.

Subject to Section 5.5 hereof, all actions taken by the Board shall require the affirmative vote of not less than four of the members of the Board.

5.5 SPECIAL APPROVAL RIGHTS.

In addition to any other action requiring Board approval, so long as the Spartan Stockholders, the REI Stockholders or the SerVaas Stockholders have the right to designate directors under Section 5.1(a), the entering into (or agreeing or committing to enter into) by Company or any of its Subsidiaries of any Significant Transaction shall require the affirmative vote of not less than four of the members of the Board;

PROVIDED, HOWEVER, that the affirmative vote of at least five members of the Board shall be required in connection with any Significant Transaction referred to in clause (i), (ii), (iv) or (xv) of the definition thereof. Notwithstanding anything in this Section 5.5 or in Section 5.4 to the contrary, (i) the affirmative vote requirement with respect to any Significant Transaction constituting the entry into a new line of business pursuant to Section 5.9(b) of the Investment Agreement shall be satisfied only by the affirmative vote of not less than three of the SerVaas Directors and the REI Directors and (ii) the affirmative vote requirement with respect to any Significant Transaction referred to in clause (vi) or (ix) of the definition thereof involving a Material Contract to which any Spartan Stockholder, any REI Stockholder or any SerVaas Stockholder (or, in each case, any of its Affiliates) is a party shall be satisfied only by the affirmative vote of not less than three of the Board members designated by the other Stockholder groups pursuant to Section 5.1(a).

5.6 COMMITTEES OF THE BOARD; SUBSIDIARY BOARDS.

So long as the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders, respectively, shall have the right to designate any directors under Section 5.1(a), unless otherwise agreed to in writing by the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders, the Stockholders shall take all action necessary or appropriate to cause the Company to have an audit committee and a compensation committee of the Board, each consisting of one Spartan Director, one REI Director and one SerVaas Director. The Stockholders

shall take all action necessary or appropriate to cause each additional committee of the Board to have the same number of directors and the same composition as such audit committee and compensation committee. For so long as the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders, respectively, shall have the right to designate any directors under Section 5.1(a), the Stockholders shall take all action necessary or appropriate to cause one director designated by each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders, respectively, to be elected to the board of directors of each Subsidiary of the Company. The Stockholders agree that they shall take all actions necessary or appropriate to cause (i) such persons so designated to be directors on each such Subsidiary's board of directors and (ii) at the direction of the parties so designating each such director, the removal or replacement of such director from any such board. The composition of the boards of directors of Subsidiaries of the Company shall otherwise be as determined by the Board.

5.7 ACTION BY WRITTEN CONSENT OF STOCKHOLDERS.

The parties hereto agree that whenever any action is proposed to be taken by Stockholders without a meeting, the Stockholders proposing to act by such consent shall, or shall cause the Company to, give the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders at least seven days' prior written notice (or such shorter notice period as is agreed to in writing) of such proposed action specifying the action to be taken and the purpose thereof (it being understood that such notice requirement shall be deemed satisfied by execution of such consent (i) in the case of the Spartan Stockholders, by Spartan Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all Spartan Stockholders, (ii) in the case of the REI Stockholders by REI Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all REI Stockholders and (iii) in the case of the SerVaas Stockholders, by SerVaas Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all SerVaas Stockholders).

ARTICLE VI
CERTAIN COVENANTS OF THE PARTIES

6.1 REGISTRATION.

In the event of, and in order to facilitate, a registration by the Company of Common Stock under the Securities Act which will constitute a Qualifying Offering, each Stockholder shall, at a meeting convened for the purpose of amending the Certificate of Incorporation and the By-laws of the Company, vote (in each case as recommended by the Board):

(i) to increase the number of authorized shares of the Common Stock and if necessary or desirable, to change the par value of the Common Stock or to change the number of issued and outstanding shares of Common Stock whether by stock split, stock dividend, reclassification, combination or the like; and

(ii) to amend, modify or repeal provisions of the Certificate of Incorporation and By-laws of the Company to the extent such amendments, modifications or repeals are customary and reasonably necessary in order to facilitate a Qualifying Offering and would be effective upon the closing of such Qualifying Offering.

6.2 ADDITIONAL STOCKHOLDERS.

The parties hereto agree that as a condition precedent to the issuance by the Company of shares of Common Stock or of securities convertible, exchangeable or exercisable for or into shares of Common Stock (i) to any employee of the Company or its Subsidiaries or (ii) to any Person other than any such employee, any Spartan Stockholder, any REI Stockholder or any SerVaas Stockholder, the Company shall require such employee or other Person to execute a Joinder Agreement substantially in the form of Exhibit A-2, and thereby enter into and become a party to this Agreement. From and after such time, the term "Additional Stockholder" shall be deemed to include such employee or other Person.

6.3 STOCKHOLDER LIST; CERTAIN NOTICES.

Upon the request of any Spartan Stockholder, REI Stockholder or SerVaas Stockholder, the Company shall deliver promptly to such Spartan Stockholder, REI Stockholder or SerVaas Stockholder a list setting forth the names of all Stockholders and the number of shares of Common Stock and Equity Equivalents owned by each Stockholder. In addition, the Company shall give each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders prior written notice of (a) the proposed conversion of any shares of Common Stock or Equity Equivalents and (b) any proposed record transfer of Restricted Securities setting forth the name of the transferee and the number and type of Restricted Securities being so transferred.

6.4 RIGHTS OFFERING.

(a) Prior to issuing any New Common Stock after the Closing (x) before the occurrence of an underwritten public offering of Common Stock registered under the Securities Act, to any Person or (y) after the occurrence of such an offering, to any Stockholder, the Company shall offer (the "NEW COMMON STOCK OFFER") each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders an opportunity to purchase in cash any or all of its Pro Rata portion (determined as among all

Stockholders of the Company before giving effect to the issuance of such New Common Stock) of such New Common Stock on the same terms and conditions

as the New Common Stock being offered and, if such New Common Stock is to be issued as a part of a unit of securities, the Company shall offer each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders an opportunity to purchase any or all of its Pro Rata portion (determined as provided above) of such unit of securities (together with the New Common Stock, the "NEW COMMON STOCK UNITS") on the same terms and conditions as the New Common Stock Units being offered. The Company shall make such New Common Stock Offer by providing each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders with a notice (the "NEW COMMON STOCK NOTICE") setting forth (i) each of the Spartan Stockholders', the REI Stockholders' and the SerVaas Stockholders' Pro Rata portion of such New Common Stock or such New Common Stock Units, as the case may be, (ii) the cash consideration to be paid for each share of New Common Stock or each New Common Stock Unit, as the case may be, and (iii) all other material terms of such New Common Stock Offer.

(b) In order for any of the Spartan Stockholders, REI Stockholders or SerVaas Stockholders to accept the New Common Stock Offer, such Spartan Stockholder, REI Stockholder or SerVaas Stockholder shall give a notice of acceptance to the Company not later than 20 days after its receipt of the New Common Stock Notice (the last day of such 20-day period being referred to herein as the "ACCEPTANCE DATE").

(c) Within 120 days following the Acceptance Date, the Company (i) shall issue, upon its receipt of the requisite consideration therefor, New Common Stock or New Common Stock Units, as the case may be, to each Spartan Stockholder, REI Stockholder, or SerVaas Stockholder who timely accepted such New Common Stock Offer upon the terms specified in such New Common Stock Offer and (ii) may issue New Common Stock or New Common Stock Units, as the case may be, to any other Person or Persons in an amount not to exceed the aggregate amount thereof offered pursuant to the New Common Stock Offer (less the aggregate amount of shares of New Common Stock or New Common Stock Units, as the case may be, issued to the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders pursuant to the foregoing clause (i)) and for a price which equals or exceeds the price per share of New Common Stock or per unit of New Common Stock Units, as the case may be, specified in the New Common Stock Offer.

6.5 SPARTAN CHASSIS. For so long as Spartan owns at least 20% of the Common Stock on a Fully-Diluted Basis:

(a) the Company shall use all commercially reasonable efforts to purchase on a priority basis from Spartan the Company's inventory requirements for chassis applicable to and compatible with any vehicle produced by the Company; PROVIDED HOWEVER, that the foregoing obligation shall apply only if (i) Spartan shall be competitive with other chassis

suppliers in terms of price, quality, timeliness of delivery and other factors deemed relevant by the Company, in its sole discretion, and (ii) the Company's customer shall not have specified or directed that the Company utilize chassis manufactured by a Person other than Spartan; and

(b) To the extent the Company shall so request, Spartan shall supply to the Company all of the Company's requirements for chassis applicable to and compatible with any vehicle produced by the Company, in each case at Spartan's usual and customary terms.

6.6 CERTAIN FINANCIAL INFORMATION. Not later than the first business day of each month commencing prior to the second anniversary of the Closing Date, the Company shall furnish to each Stockholder reasonably detailed projections setting forth management's estimate of the Company's cash flows for such month. Not later than the first business day of each week commencing prior to the first anniversary of the Closing Date, the Company will furnish to each Stockholder a reasonably detailed statement of the Company's cash flows for the immediately preceding week.

ARTICLE VII
MISCELLANEOUS

7.1 GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE APPLIES AS A RESULT OF THE COMPANY BEING INCORPORATED IN THE STATE OF DELAWARE, IN WHICH CASE SUCH GENERAL CORPORATION LAW SHALL APPLY.

7.2 ENTIRE AGREEMENT; AMENDMENTS.

This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and this Agreement may be amended, modified or supplemented only by a written instrument duly executed by (a) the Company, (b) Spartan Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all Spartan Stockholders, (c) REI Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all REI Stockholders and (d) SerVaas Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock then held by all SerVaas Stockholders. In the event of an amendment, modification or supplement of this Agreement in accordance with its terms, the Stockholders shall take all action necessary or appropriate, within 30 calendar days

following such amendment, modification or supplement, or as soon thereafter as is practicable, to cause the adoption of any amendment to the Certificate of Incorporation or By-Laws of the Company that may be required as a result of such amendment, modification or supplement to this Agreement. The Stockholders hereby agree to vote their shares of Restricted Securities to approve each such amendment to the Certificate of Incorporation or By-Laws of the Company.

7.3 TERM.

Except for the provisions of Article IV and this Article VII, this Agreement shall automatically and without further action terminate upon the earliest to occur of (i) a Qualifying Offering, (ii) a Sale of the Company and (iii) the written agreement of (x) Spartan Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all Spartan Stockholders, (y) REI Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all REI Stockholders and (z) SerVaas Stockholders which then hold in the aggregate more than 50% of the aggregate shares of Common Stock on a Fully-Diluted Basis then held by all the SerVaas Stockholders.

7.4 CERTAIN ACTIONS.

Unless otherwise expressly provided herein, whenever any action is required under this Agreement by:

(a) the Spartan Stockholders (as a group, as opposed to the exercise by a Spartan Stockholder of its individual rights hereunder), it shall be by the affirmative vote of the holders of Common Stock representing more than 50% of the Common Stock on a Fully-Diluted Basis then held by the Spartan Stockholders as a group, or as otherwise agreed in writing by the Spartan Stockholders as a group (a copy of such writing to be supplied to the REI Stockholders

and the SerVaas Stockholders by the Company or the Spartan Stockholders);

(b) the REI Stockholders (as a group, as opposed to the exercise by an REI Stockholder of its individual rights hereunder), it shall be by the affirmative vote of the holders of Common Stock representing more than 50% of the Common Stock on a Fully-Diluted Basis then held by the REI Stockholders as a group, or as otherwise agreed in writing by the REI Stockholders as a group (a copy of such writing to be supplied to the Spartan Stockholders and the SerVaas Stockholders by the Company or the REI Stockholders); or

(c) the SerVaas Stockholders (as a group, as opposed to the exercise by a SerVaas Stockholder of its individual rights hereunder),

it shall be by the affirmative vote of the holders of Common Stock representing more than 50% of the Common Stock on a Fully-Diluted Basis then held by the SerVaas Stockholders as a group (a copy of such writing to be supplied to the Spartan Stockholders and the REI Stockholders by the Company or the SerVaas Stockholders).

7.5 INSPECTION.

For so long as this Agreement shall remain in effect, this Agreement shall be made available for inspection by any Stockholder at the principal executive offices of the Company.

7.6 COMPLIANCE WITH REGULATIONS.

Whenever a Stockholder is entitled to purchase Restricted Securities pursuant to the provisions of this Agreement, any closing time period specified in such provision shall be tolled until any necessary governmental approval is received, including without limitation approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, provided that such tolling period shall not exceed 60 days.

7.7 WAIVER.

No waiver by any party hereto of any term or condition of this Agreement, in one or more instances, shall be valid unless in writing, and no such waiver shall be deemed to be construed as a waiver of any subsequent breach or default of the same or any other term or condition hereof.

7.8 SUCCESSORS AND ASSIGNS.

Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including without limitation transferees of Restricted Securities); PROVIDED, HOWEVER, that:

(a) nothing contained herein shall be construed as granting any Stockholder the right to Transfer any of its Restricted Securities except in accordance with this Agreement;

(b) unless otherwise provided in the terms of the Transfer, none of the provisions of this Agreement, other than those set forth in Sections 2.1 and 2.2 to the extent those Sections require compliance with the Securities Act, delivery of opinions of counsel and placement of Securities Act (or state securities laws) legends, shall apply to any Transfer of Restricted Securities (or to the transferee thereof) subsequent to a Transfer of those securities pursuant to Article III;

(c) notwithstanding any Transfer of Restricted Securities by any Spartan Stockholder to an REI Stockholder or a SerVaas Stockholder, only the provisions of this Agreement which are expressly applicable to REI Stockholders or SerVaas Stockholders (as the case may be) shall be applicable to such Restricted Securities in the hands of such REI Stockholder or SerVaas Stockholder (as the case may be) and to such Restricted Securities in the hands of such REI Stockholder or SerVaas Stockholder (as the case may be);

(d) notwithstanding any Transfer of Restricted Securities by any SerVaas Stockholder to a Spartan Stockholder or an REI Stockholder, only the provisions of this Agreement which are expressly applicable to Spartan Stockholders or REI Stockholders (as the case may be) shall be applicable to such Spartan Stockholder or REI Stockholder (as the case may be) and to such Restricted Securities in the hands of such Spartan Stockholder or REI Stockholder (as the case may be); and

(e) notwithstanding any Transfer of Restricted Securities by any REI Stockholder to a Spartan Stockholder or a SerVaas Stockholder, only the provisions of this Agreement which are expressly applicable to Spartan Stockholders or SerVaas Stockholders (as the case may be) shall be applicable to such Spartan Stockholder or SerVaas Stockholder (as the case may be) and to such Restricted Securities in the hands of such SerVaas Stockholder (as the case may be).

7.9 REMEDIES.

In the event of a breach by any party to this Agreement of its obligations under this Agreement, any party hereto injured by such breach, in addition to being entitled to exercise all rights granted by law, including recovery of damages and costs (including reasonable attorneys' fees), will be entitled to specific performance of its rights under this Agreement. The parties hereto agree that the provisions of this Agreement shall be specifically enforceable, it being agreed by the parties hereto that the remedy at law, including monetary damages, for breach of any such provision will be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Such equitable remedies and all other remedies are cumulative and not exclusive and shall be in addition to any remedies which any party hereto may have under this Agreement or otherwise.

7.10 INVALID PROVISIONS.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal,

invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

7.11 HEADINGS; CERTAIN CONDITIONS.

The headings of the various Articles and Sections of this Agreement are for convenience of reference only and shall not define, limit or otherwise affect any of the terms or provisions hereof. Unless the

context otherwise expressly requires, all references herein to Articles, Sections and Exhibits, are to Article and Sections of, and Exhibits to, this Agreement. The words "herein," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular Section or provision. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

7.12 FURTHER ASSURANCES; SUBSIDIARIES.

Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party hereto in order to carry out the provisions and purposes of this Agreement. Any provision hereof that by its terms requires a Subsidiary of the Company to take any action or refrain from taking any action shall be interpreted to require the Company to cause such Subsidiary to take such action or to refrain from taking such action, respectively, to the fullest extent permitted by law.

7.13 GENDER.

Whenever the pronouns "he" or "his" are used herein they shall also be deemed to mean "she" or "hers" or "it" or "its" whenever applicable. Words in the singular shall be read and construed as though in the plural and words in the plural shall be construed as though in the singular in all cases where they would so apply.

7.14 COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

7.15 PAYMENT.

All payments hereunder shall be made in cash or by wire transfer of immediately available funds.

7.16 NOTICES.

(a) All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed (by registered or certified mail, postage prepaid, return receipt requested) or delivered by reputable overnight courier, fee prepaid, to the parties hereto at the following addresses or facsimile numbers:

If to any Spartan Stockholder, to:

Spartan Motors, Inc.
1000 Reynolds Road
Charlotte, Michigan 48813
Facsimile No.: (517) 543-7729
Attn: George Sztykiel

with a copy to:

Foster, Swift, Collins & Smith
313 South Washington Square
Lansing, MI 48933
Facsimile No.: (517) 371-8200
Attn: James B. Jensen, Jr., Esq.

If to any REI Stockholder, to:

Recovery Equity Investors II, L.P.
901 Mariner's Island Boulevard
Suite 465
San Mateo, CA 94404
Facsimile No.: (415) 578-9842
Attn: Joseph J. Finn-Egan
Jeffrey A. Lipkin

with a copy to:

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Facsimile No.: 212-309-6273
Attn: Philip H. Werner, Esq.

If to any SerVaas Stockholder, to:

The Curtis Publishing Company
1000 Waterway Boulevard
Indianapolis, IN 46202
Facsimile No.: (317) 633-8813
Attn: Dr. Beurt SerVaas

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

If to the Company, to:

Carpenter Industries Inc.
1100 Industries Road
Richmond, IN 47374
Facsimile No.: (317) 965-4100
Attn: Timothy S. Durham

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

(b) All such notices, requests and other communications will be deemed delivered upon receipt. Any party hereto may from time to time change its address, facsimile number or other information for the purpose of notices to such party by giving notice specifying such change to the other parties hereto in accordance with Section 7.16(a).

7.17 CONSENT TO JURISDICTION AND SERVICE OF PROCESS.

EACH OF THE PARTIES HERETO CONSENTS TO THE JURISDICTION OF ANY

STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF NEW YORK, STATE OF NEW YORK AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO

THIS AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE PARTY AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 15 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO OBTAIN JURISDICTION OVER OR TO BRING ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE OTHER PARTIES HERETO IN SUCH OTHER JURISDICTIONS, AND IN SUCH MANNER, AS MAY BE PERMITTED BY ANY APPLICABLE LAW.

7.18 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. EACH OF THE PARTIES HERETO ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF SUCH PARTY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF THE PARTIES HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[Remainder of Page Intentionally Left Blank]

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

CARPENTER INDUSTRIES INC.

By: _____
Name:
Title:

SPARTAN MOTORS, INC.

By: _____
Name:
Title:

RECOVERY EQUITY INVESTORS II, L.P.,
By Recovery Equity Partners II, L.P.,
its general partner

By: _____
Name: Joseph J. Finn-Egan
Title: General Partner

By: _____
Name: Jeffrey A. Lipkin
Title: General Partner

CARPENTER INDUSTRIES LLC

By: _____
Name:
Title:

[Signature page to Stockholders' Agreement]

Exhibit A-1

FORM OF JOINDER AGREEMENT
FOR PERMITTED TRANSFEREES

CARPENTER INDUSTRIES INC.
SPARTAN MOTORS, INC.
RECOVERY EQUITY INVESTORS II, L.P.
[SERVAAS ENTITY]

Ladies & Gentlemen:

In consideration of the transfer to the undersigned of [DESCRIBE SECURITY BEING TRANSFERRED] of CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY"), the undersigned represents that [HE] [SHE] [IT] is a Permitted Transferee of [INSERT NAME OF TRANSFEROR] and agrees that, as of the date written below, [HE] [SHE] [IT] shall become a party to and a Permitted Transferee as defined in that certain Stockholders' Agreement, dated as of _____, 199_, as such agreement may have been amended, supplemented or modified from time to time, the "AGREEMENT"), among the Company and the persons named therein, and as a Permitted Transferee shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement that are applicable to the undersigned's transferor, as though an original party thereto and shall be deemed a [SPARTAN STOCKHOLDER] [REI STOCKHOLDER] [SERVAAS STOCKHOLDER] for all purposes thereof.

Executed as of the day of , .

SIGNATORY:

Address: _____
_____

ACKNOWLEDGED AND ACCEPTED:

CARPENTER INDUSTRIES INC.

By:_____
Name:
Title:

SPARTAN MOTORS, INC.

By:_____
Name:
Title:

RECOVERY EQUITY INVESTORS II, L.P.
By Recovery Equity Partners II, L.P.,
its general partner

By:_____
Name: Joseph J. Finn-Egan
Title: General Partner

By:_____
Name: Jeffrey A. Lipkin
Title: General Partner

CARPENTER INDUSTRIES LLC

By:_____
Name:
Title:

Exhibit A-2

FORM OF JOINDER AGREEMENT
FOR ADDITIONAL STOCKHOLDERS

CARPENTER INDUSTRIES INC.
SPARTAN MOTORS, INC.
RECOVERY EQUITY INVESTORS II, L.P.
[SERVAAS ENTITY]

Ladies & Gentlemen:

In consideration of the issuance to the undersigned of [DESCRIBE SECURITY BEING ISSUED] of CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY), the undersigned agrees that, as of the date written below, [HE] [SHE] [IT] shall become a party to that certain Stockholders' Agreement, dated as of _____, 199_ (as such agreement may have been amended, supplemented or modified from time to time, the "AGREEMENT"), among the Company and the persons named therein, and shall be fully bound by and subject to, all of the covenants, terms and conditions of the Agreement, as though an original party thereto.

Executed as of the Day of , .

SIGNATORY:_____
Address: _____
_____

ACKNOWLEDGED AND ACCEPTED:

CARPENTER INDUSTRIES INC.

By:_____
Name:
Title:

SPARTAN MOTORS, INC.

By:_____
Name:
Title:

RECOVERY EQUITY INVESTORS II, L.P.
By Recovery Equity Partners II, L.P.,
its general partner

By:_____
Name: Joseph J. Finn-Egan
Title: General Partner

By:_____
Name: Jeffrey A. Lipkin
Title: General Partner

CARPENTER INDUSTRIES, LLC

By:_____
Name:
Title:

Exhibit A-3

FORM OF JOINDER AGREEMENT
FOR TRANSFEREES OF RESTRICTED SECURITIES PURSUANT TO SECTION 2.5

CARPENTER INDUSTRIES INC.
SPARTAN MOTORS, INC.
RECOVERY EQUITY INVESTORS II, L.P.
[SERVAAS ENTITY]

Ladies & Gentlemen:

In consideration of the transfer to the undersigned of [DESCRIBE SECURITY BEING ISSUED] of CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY), the undersigned agrees that, as of the date written below, [HE] [SHE] [IT] shall become a party to that certain Stockholders' Agreement, dated as of _____, 199_ (as such agreement may have been amended, supplemented or modified from time to time, the "AGREEMENT"), among the Company and the persons named therein, and shall be fully bound by and subject to all of the covenants, terms and conditions of the Agreement, as provided under Section 7.8 of the Agreement as though an original party thereto, and to the extent [HE] [SHE] [IT] is bound by the

Agreement [HE] [SHE] [IT] shall be deemed a [SPARTAN STOCKHOLDER] [REI STOCKHOLDER] [SERVAAS STOCKHOLDER] for all purposes thereof.

Executed as of the Day of , .

SIGNATORY:_____
Address: _____
_____

ACKNOWLEDGED AND ACCEPTED:

CARPENTER INDUSTRIES INC.

By:_____
Name:
Title:

SPARTAN MOTORS, INC.

By:_____
Name:
Title:

RECOVERY EQUITY INVESTORS II, L.P.
By Recovery Equity Partners II, L.P.,
its general partner

By:_____
Name: Joseph J. Finn-Egan
Title: General Partner

By:_____
Name: Jeffrey A. Lipkin
Title: General Partner

CARPENTER INDUSTRIES LLC

By:_____
Name:
Title:

Exhibit B

LEGENDS

Shares of Restricted Securities shall bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE STOCKHOLDERS' AGREEMENT DATED AS OF _____ __, 1997 AMONG CARPENTER INDUSTRIES INC. (THE "COMPANY") AND ITS STOCKHOLDERS AS MAY BE AMENDED FROM TIME TO TIME, AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF (A "TRANSFER") EXCEPT IN ACCORDANCE WITH THE PROVISIONS THEREOF AND ANY TRANSFEREE OF THESE SECURITIES SHALL BE SUBJECT TO THE TERMS OF SUCH AGREEMENT. COPIES OF THE STOCKHOLDERS' AGREEMENT, AS AMENDED, ARE MAINTAINED WITH THE CORPORATE RECORDS OF THE COMPANY AND ARE AVAILABLE FOR INSPECTION AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR STATE SECURITIES LAWS, AND NO TRANSFER OF THESE SECURITIES MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR (B) PURSUANT TO AN EXEMPTION THEREFROM WITH RESPECT TO WHICH THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL FOR THE HOLDER THAT SUCH TRANSFER IS EXEMPT FROM THE REQUIREMENTS OF THE ACT, AS PROVIDED BY THE TERMS OF THE STOCKHOLDERS' AGREEMENT DESCRIBED ABOVE.

THE POWERS, DESIGNATIONS, PREFERENCES, AND RELATIVE PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS, AND THE QUALIFICATIONS, LIMITATIONS, OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS OF EACH CLASS OR SERIES OF CAPITAL STOCK OF THE COMPANY ARE SET FORTH IN THE CERTIFICATE OF INCORPORATION. THE CORPORATION WILL FURNISH A COPY OF THE CERTIFICATE OF INCORPORATION TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON REQUEST.

EXHIBIT C

Initial Members of Board of Directors

SPARTAN DIRECTORS

George Sztykiel
Anthony G. Sommer

REI DIRECTORS

Joseph J. Finn-Egan
Jeffrey A. Lipkin

SERVAAS DIRECTORS

Dr. Beurt R. SerVaas
Timothy S. Durham

Schedule 2.5(a)

LIST OF CERTAIN COMPETITORS TO WHOM
OFFERED SECURITIES MAY NOT BE SOLD

1. Bluebird
2. Thomas
3. American Transportation
4. Navistar
5. Utilimaster
6. Union City Body

7. Grumman's Olson business

EXHIBIT 10(b)

==========

CONTRIBUTION AGREEMENT

between

CARPENTER INDUSTRIES LLC

and

CARPENTER INDUSTRIES INC.

Dated: January __, 1997

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CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "Agreement"), dated as of January ___, 1997, between CARPENTER INDUSTRIES LLC, an Indiana limited liability company ("Carpenter"), and CARPENTER INDUSTRIES INC., a Delaware corporation (the "Company");

WITNESSETH:

WHEREAS, Carpenter is engaged in the business of designing, manufacturing and selling school buses for use by public school districts and private schools and other vehicles known as step-vans (the "Business"), and is also engaged in the Shuttle Bus Business;

WHEREAS, the parties hereto are also parties to that certain Investment Agreement dated as of December 23, 1996 among Recovery Investors II, L.P. ("REI II"), Spartan Motors, Inc., a Michigan corporation ("Spartan"; REI II and Spartan being collectively referred to herein as the "Investors"), Carpenter, the Trust, Curtis and the Company (as in effect on the date hereof, the "Investment Agreement"), which Investment Agreement contemplates that, immediately following (i) the contribution by Carpenter to the Company of the Contributed Assets (as defined in Section 1.01(a) hereof) in exchange for 33-1/3% of the total number of shares of Common Stock to be outstanding upon consummation of the transactions contemplated by the Investment Agreement and (ii) the assignment by Carpenter to the Company and the assumption by the Company of the Assumed Liabilities (as defined in Section 1.02(a) hereof), each of the Investors will purchase from the Company Common Stock representing 33-1/3% of the total number of shares of Common Stock to be outstanding upon consummation of the transactions contemplated by the Investment Agreement;

WHEREAS, Carpenter desires to contribute, transfer, sell and assign the Contributed Assets and the Assumed Liabilities to the Company and the Company desires to accept all of the Contributed Assets and to assume all of the Assumed Liabilities, all upon the terms and conditions set forth herein; and

WHEREAS, capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Investment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CONTRIBUTION OF ASSETS; ASSUMPTION OF LIABILITIES

1.01 CONTRIBUTION OF ASSETS.

(a) CONTRIBUTED ASSETS. Effective as of the Effective Time, Carpenter hereby sells, transfers, conveys and assigns to the Company all of Carpenter's right, title and interest in, to and under the Contributed Assets. The term "Contributed Assets" means, collectively, all the business, properties, assets, Contracts, vendor and warranty recovery rights and other rights of Carpenter of whatever kind or nature, real or personal, tangible or intangible, owned by Carpenter at the Effective Time, other than the Excluded Assets.

(b) EXCLUDED ASSETS. Notwithstanding anything in this Agreement to the contrary, the following assets, properties, Contracts and rights of Carpenter (the "Excluded Assets") shall be excluded from and shall not constitute Contributed Assets:

(i) MITCHELL FACILITY. Except as and to the extent otherwise provided in this Section 1.01(b), (1) the Mitchell Facility, (2) Carpenter's lease of the real property located at 9405 South Pointe, La Salles 41, Bloomington, Indiana (the "Bloomington Lease") and (3) all Intellectual Property, prototypes and related items of tangible personal property used or held by Carpenter for use in connection with the Shuttle Bus Business.

(ii) SEMI-FINISHED BUSES. The buses listed in Schedule A hereto which, as of the Closing Date, are included in Carpenter's inventory as Semi-Finished Buses (the "Retained Buses"), all accounts receivable attributable to or due in connection with any such Retained Bus, and all items of raw material and work in process inventory in or on any such Retained Bus or necessary to complete the production of such Retained Bus and located at the Mitchell Facility, and any and all warranty claims against parts suppliers arising prior to such Retained Bus having become a Federallled Bus and in connection with any such Retained Bus and the items of raw material and work in process inventory ascribed to it.

(iii) BENEFIT PLANS. All Benefit Plans, Plans and similar plans and arrangements between Carpenter and its employees employed at the Mitchell Facility.

(iv) COLLECTIVE BARGAINING AGREEMENTS. All collective bargaining agreements and similar labor Contracts pertaining exclusively to the Mitchell Facility (collectively, the "Labor Contracts").

(v) CORPORATE RECORDS. The minute books, stock transfer or similar books, company seals and financial records of Carpenter.

(vi) PERMITS, LICENSES AND INTELLECTUAL PROPERTY. All Environmental Permits, Licenses and Intellectual Property that are necessary solely in connection with the ownership, use and operation of the Excluded Assets, PROVIDED that the name "Carpenter" shall not constitute an Excluded Asset. The Company hereby authorizes Carpenter to use the name "Carpenter" and any related Intellectual Property as and to the extent necessary to allow Carpenter to comply with Sections

4.14 and 4.16 of the Investment Agreement as it pertains to the Retained Buses.

(vii) TAX REFUNDS. All refunds or credits, if any, of Taxes due to Carpenter with respect to periods prior to the Closing, other than any such refund or credit attributable to the Indiana property taxes described in the parenthetical clause in Section 9.1(iv) of the Investment Agreement.

(viii) THIS AGREEMENT. Carpenter's rights under this Agreement or in connection with this Agreement, the Investment Agreement or any other Operative Agreement, or the consummation of any of the transactions contemplated hereby or thereby.

(ix) LITIGATION CLAIMS. Any rights (including indemnification) and claims and recoveries under litigation of Carpenter relating exclusively to the Excluded Assets described in clauses (i) through (viii) of this paragraph (b).

1.02 LIABILITIES.

(a) ASSUMED LIABILITIES. In connection with the sale, transfer, conveyance and assignment of the Contributed Assets pursuant to this Agreement, the Company hereby assumes and agrees to pay, perform and discharge when due all of the Liabilities of Carpenter arising in connection with the operation of the Business, as the same shall exist on the Closing Date (the "Assumed Liabilities"), other than the Retained Liabilities.

(b) RETAINED LIABILITIES. Notwithstanding anything in this Agreement to the contrary, the following Liabilities of Carpenter (the "Retained Liabilities") shall be retained by Carpenter and shall not constitute Assumed Liabilities:

(i) THIS AGREEMENT. Any and all Liabilities of Carpenter under or in connection with this Agreement, the Investment Agreement or any other Operative Agreement, or the consummation of any of the transactions contemplated hereby or thereby.

(ii) MITCHELL FACILITY; SHUTTLE BUS BUSINESS. Any and all Liabilities relating to the ownership, operation or use of the Mitchell Facility, including, without limitation, all Liabilities in respect of Environmental Claims relating to the ownership, operation or use of the Mitchell Facility and all Liabilities in respect of the Shuttle Bus Business.

(iii) TAXES. Any and all Liabilities for Taxes of Carpenter and its predecessors and affiliates (other than the Company), including any Lien on the Assets and Properties of Carpenter resulting from such a Liability, PROVIDED that the Liability for Indiana property taxes described in the parenthetical clause in Section 9.1(iv) of the Investment Agreement shall not constitute a Retained Liability.

(iv) CII LIABILITIES. Any and all Liabilities of CII (whether for Taxes or otherwise) and any Liability of Carpenter under or in respect of the CII Stock Purchase Agreement and the transactions consummated thereunder.

(v) NEWCOURT INVENTORY FINANCING ARRANGEMENT. (a) Any and all Liabilities of Carpenter under the Newcourt inventory financing arrangement in respect of the period prior to the Closing , other than any such Liabilities specified in clauses (c)(i)(w), (c)(i)(x), (c)(i)(y) and (c)(i)(z) of Section 4.9 of the Investment Agreement, and (b) any and all Liabilities of Carpenter under the Operating Agreement with Newcourt dated September 30, 1994, other than those

expressly assumed by the Company in the Assignment and Assumption Agreement relating thereto.

(vi) PRODUCT WARRANTY AND PRODUCT LIABILITY CLAIMS. Any and all Liabilities of Carpenter resulting from warranty claims, and any and all product liability claims or other Actions or Proceedings commenced or threatened, in connection with each Retained Bus, PROVIDED that upon the transfer of any such Retained Bus from Carpenter to the Company in accordance with Section 4.16(c) of the Investment Agreement, any and all of such product warranty and product liability claims shall cease to be Retained Liabilities and shall constitute Assumed Liabilities, and PROVIDED FURTHER that upon the transfer of any Retained Bus back from the Company to Carpenter in accordance with Section 4.16(e) of the Investment Agreement, any and all of such product warranty and product liability claims shall cease to constitute Assumed Liabilities and shall constitute Retained Liabilities unless and until such Retained Bus is resold in accordance with Section 4.16(e).

(vii) OBLIGATIONS UNDER CONTRACTS AND LICENSES. Any and all Liabilities of Carpenter under Contracts or Licenses not constituting Contributed Assets and arising and to be performed on or after the

Closing Date, and any and all Liabilities of Carpenter under the Bloomington Lease and the Labor Contracts.

(viii) AMERICAN PRINT TOWEL LIABILITIES. Any and all Liabilities in connection with Carpenter's arrangements with American Print Towel as described in Section 9.1(iii)(D) of the Investment Agreement.

(ix) BENEFIT PLANS. Any and all Liabilities in connection with all Benefit Plans, Plans and similar plans and arrangements between Carpenter and its employees employed at the Mitchell Facility.

The Company shall have no liability for the Retained Liabilities. Carpenter shall discharge in a timely manner or shall make adequate provision for all of its Retained Liabilities, PROVIDED that Carpenter shall have the ability to contest, in good faith, any claim of liability asserted in respect thereof by any Person.

1.03 RECORDATION OF DEEDS AND FURTHER ASSURANCES; POST-CLOSING COOPERATION.

(a) RECORDATION OF DEEDS AND FURTHER ASSURANCES. On the Closing Date, Carpenter shall execute, deliver and arrange for the immediate recordation (which in any event shall take place within 1 Business Day of the Closing), in the appropriate jurisdictions, of the Wayne County Corporate Warranty Deed with respect to the Richmond Facility.

At any time or from time to time after the Closing, at the Company's request and without further consideration, Carpenter shall, or shall cause its Affiliates to, execute and deliver to the Company such proper instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as the Company may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to the Company and to confirm the Company's title to, all of the Contributed Assets, and, to the full extent permitted by Law, to put the Company in actual possession and operating control of the Business and the Contributed Assets and to assist the Company in exercising all rights with respect thereto, and otherwise to cause Carpenter to fulfill its obligations under this Agreement.

(b) POWER OF ATTORNEY. Effective on the Closing Date, Carpenter constitutes and appoints, and may cause its Affiliates to constitute and appoint, the Company the true and lawful attorney of Carpenter, with full

power of substitution, in the name of Carpenter, but on behalf of and for the benefit of the Company: (i) to demand and receive from time to time all or any of the Contributed Assets and to make endorsements and give receipts and releases for and in respect of the same or any part thereof; (ii) to institute, prosecute, compromise and settle any and all Actions or Proceedings that the Company may deem proper in order to collect, assert or

enforce any claim, right or title of any kind in or to the Contributed Assets, (iii) to defend, compromise and settle any and all Actions or Proceedings in respect of any of the Contributed Assets; and (iv) to do all such acts and things in relation to the matters set forth in the preceding clauses (i) through (iii) as the Company shall deem desirable. Carpenter acknowledges that the appointment hereby made or caused to be made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by it in any manner or for any reason. Carpenter shall, or shall cause its Affiliates to, deliver to the Company at the Closing an acknowledged power of attorney to the foregoing effect, limited to the Contributed Assets, executed by Carpenter or any such Person. The Company shall indemnify and hold harmless Carpenter or such Person from any and all Losses caused by or arising out of any breach of Law by the Company in its exercise of such power of attorney.

(c) BOOKS AND RECORDS. Following the Closing, Carpenter and the Company will afford each other and their respective counsel and accountants reasonable access to the books, records and other data relating to the Business (the "Business Records") in the possession of each thereof with respect to periods prior to the Closing and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting party in connection with (i) the preparation of tax returns, (ii) the determination or enforcement of rights and obligations under this Agreement, (iii) compliance with the requirements of any Governmental or Regulatory Authority, (iv) the determination or enforcement of the rights and obligations of any Indemnifying or Indemnified Party or (v) in connection with any actual or threatened Action or Proceeding. Each of Carpenter and the Company further agree that, for a period extending six years after the Closing Date, it shall not destroy or otherwise dispose of any Business Records unless (x) it shall first offer in writing to surrender such Business Records data to the other party hereto and (y) the other party hereto shall not agree in writing to take possession thereof during the 10-Business-Day period after such offer is made.

(d) TAX RETURNS, ETC. If, in order properly to prepare its tax returns, other documents or reports required to be filed with Governmental Authorities or its financial statements, to respond to information demands or requests from Governmental Authorities or from third parties involving obligations arising under this Agreement, or to fulfill its obligations hereunder, it is necessary that the Company be furnished with additional information, documents or records relating to the Business not referred to in paragraph (c) above, and such information, documents or records are in the possession or control of Carpenter, the Company or its respective Representatives, Carpenter, the Company or such Representative, as the case may be, shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the recipient's request, cost and expense.

(e) THIRD-PARTY CONSENTS. To the extent that any Business Contract or Business License is not assignable without the consent of another party, this Agreement shall not constitute an assignment or an attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof. Carpenter shall use its reasonable commercial efforts to obtain the consent of such other party to the

assignment of any such Business Contract or Business License to the Company in all cases in which such consent is or may be required for such assignment. If any such consent shall not be obtained, Carpenter shall cooperate with the Company in any reasonable arrangement designed to provide the Company with the benefits intended to be assigned to it under the relevant Business Contract or Business License. If and to the extent that such an arrangement cannot be made, the Company shall have no obligation pursuant to Section 1.02 or otherwise with respect to any such Business Contract or Business License. The provisions of this Section 1.03(e) shall not affect the right of the Investors not to consummate the transactions contemplated by the Investment Agreement if the condition contained in Section 6.6 thereof has not been satisfied.

ARTICLE II

ISSUANCE OF COMMON STOCK IN CONSIDERATION FOR CONTRIBUTION

2.01. ISSUANCE OF COMMON STOCK.

For and in consideration of the sale, transfer, conveyance, assignment and delivery to the Company all of Carpenter's right, title and interest in, to and under the Contributed Assets as set forth in Article I, and in addition to the assumption by the Company of the Assumed Liabilities as set forth in Article I, the Company will, on the Closing Date (but in any event not prior to the Effective Time), issue and deliver to Carpenter, certificates representing 300 shares of Common Stock, which shares shall represent 33-1/3% of the total number of shares of Common Stock outstanding after giving effect to the transactions contemplated by the Investment Agreement. All of such shares of Common Stock, when so issued and delivered, shall be duly issued, fully paid and non-assessable.

2.02. TAX TREATMENT.

The parties hereto intend that the above-described issuance of Common Stock for and in consideration of the above-described sale, transfer, conveyance, assignment and delivery to the Company all of Carpenter's right, title and interest in, to and under the Contributed Assets qualify as an exchange under Section 351 of the Code.

ARTICLE III

EFFECTIVENESS OF AGREEMENT

On the Closing Date, as of the time immediately prior to the consummation of the Closing (the "Effective Time"), subject only to (1) the due execution and delivery of the Investment Agreement and (2) the prior or contemporaneous satisfaction (or waiver by the appropriate Person) of all of the conditions set forth in Article VI and Article VII of the Investment Agreement, this Agreement shall be deemed to be effective and consummated and shall be binding on and enforceable against the parties hereto, PROVIDED that if the Closing shall for any reason not occur on the date hereof, this Agreement shall be deemed to be rescinded and shall be void and of no force or effect.

ARTICLE IV

INDEMNIFICATION

4.01 OTHER INDEMNIFICATION.

(a) In addition to the indemnification provided for in the Investment Agreement, Carpenter (the "Indemnifying Party" for purposes of this Section 4.01(a) and of Article 9 of the Investment Agreement) shall indemnify the Company and its officers, directors, employees, agents, shareholders and Affiliates (the Company and each such Person, an "Indemnified Party" for purposes of this Section 4.01(a) and of Article 9 of the Investment Agreement) in respect of, and hold each of them harmless from and against, any Retained Liability.

(b) The Company (the "Indemnifying Party" for purposes of this Section 4.01(b) and of Article 9 of the Investment Agreement) shall indemnify Carpenter and its officers, directors, employees, agents, shareholders and Affiliates (Carpenter and each such Person, an "Indemnified Party" for purposes of this Section 4.01(b) and of Article 9 of the Investment Agreement) in respect of, and hold each of them harmless from and against, any Assumed Liability; PROVIDED, HOWEVER, that this paragraph (b) shall not apply to any Assumed Liability which arises out of or relates to any matter with respect to which the Owners and Carpenter would be required to indemnify any Indemnified Person under Section 9.1 of the Investment Agreement (assuming, for purposes of this proviso, that all representations and warranties made in the Investment Agreement survive indefinitely notwithstanding the provisions of Article VIII of the Investment Agreement).

4.02 METHOD OF ASSERTING CLAIMS.

Section 9.2 of the Investment Agreement is incorporated herein in its entirety MUTATIS MUTANDIS.

ARTICLE V

DEFINITIONS

5.01 DEFINITIONS.

(a) As used in this Agreement, the following defined terms shall have the meanings indicated below:

"AGREEMENT" means this Contribution Agreement and the Exhibits, the Disclosure Schedule and the Schedules hereto, as the same shall be amended from time to time.

"ASSUMED LIABILITIES" has the meaning ascribed to it in Section 1.02(a).

"BUSINESS" has the meaning ascribed to it in the first whereas clause of this Agreement.

"BUSINESS RECORDS" has the meaning ascribed to it in Section 1.03(c).

"CLAIMS" means any administrative or judicial actions, suits, orders, claims, proceedings, liens or notices of violations, whether civil or criminal.

"CONTRIBUTED ASSETS" has the meaning set forth in Section 1.01(a).

"EFFECTIVE TIME" has the meaning ascribed thereto in Article III.

"EXCLUDED ASSETS" has the meaning ascribed to it in Section

1.01(b).

"LABOR CONTRACTS" has the meaning ascribed thereto in Section 1.01(b)(iv).

"RETAINED LIABILITIES" has the meaning ascribed to it in Section 1.02(b).

"WAYNE COUNTY CORPORATE WARRANTY DEED" means the warranty deed regarding real estate in Wayne County, Indiana, in the form of Exhibit A hereto.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof", "herein", "hereby" and derivative or similar words refer to this entire Agreement; and (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE VI

MISCELLANEOUS

6.01 NOTICES.

All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed by prepaid first class certified mail, return receipt requested, or mailed by overnight courier prepaid, to the parties at the following addresses or facsimile numbers:

If to Carpenter or the Company, to:

Carpenter Industries LLC
1100 Industries Road
Richmond, IN 47374
Facsimile No.: (317) 965-4100
Attn: Timothy S. Durham

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 6.01, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 6.01, be deemed given upon receipt, (iii) if delivered by mail in the manner described above to the address as provided in this Section 6.01, be deemed given on the earlier of the third Business Day following mailing or upon receipt and (iv) if delivered by overnight courier to the address as provided in this Section 6.01, be

deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt (in each case regardless of

whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 6.01). Any party hereto from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to each other party hereto.

6.02 BULK SALES ACT.

The parties hereby waive compliance with the bulk sales act or comparable statutory provisions of each applicable jurisdiction in connection with the sale of Contributed Assets hereunder. Carpenter shall indemnify the Company and its respective officers, directors, employees, agents and Affiliates in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to the failure of Carpenter to comply with the terms of any such provisions applicable to the sale of the Contributed Assets hereunder.

6.03 ENTIRE AGREEMENT.

This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof and thereof and contain the sole and entire agreement between the parties hereto with respect to the subject matter hereof .

6.04 WAIVER.

Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

6.05 AMENDMENT.

This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

6.06 NO THIRD PARTY BENEFICIARY.

The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors and

assigns, and it is not the intention of the parties to confer third-party beneficiary rights, and this Agreement does not confer any such rights, upon any other Person other than any Person entitled to indemnity under Article IV.

6.07 NO ASSIGNMENT; BINDING EFFECT.

Neither this Agreement nor any right, interest or obligation hereunder may be assigned (by operation of law or otherwise) by Carpenter without the prior written consent of the Company and any attempt to do so will be void. Subject to the immediately preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

6.08 HEADINGS.

The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions

hereof.

6.09 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

6.10 COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the parties hereto by a duly authorized officer of each other party as of the date first above written.

CARPENTER INDUSTRIES INC.

By:_____
Name:
Title:

CARPENTER INDUSTRIES LLC

By:_____
Name:
Title:

EXHIBIT 10(c)

- ---

CARPENTER INDUSTRIES INC.

REGISTRATION RIGHTS AGREEMENT

JANUARY ___, 1997

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REGISTRATION RIGHTS AGREEMENT dated as of January __, 1997, among CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY"), SPARTAN MOTORS, INC., a Michigan corporation ("Spartan"), RECOVERY EQUITY INVESTORS II, L.P., a Delaware limited partnership ("REI II"), and CARPENTER INDUSTRIES LLC, an Indiana limited liability company ("SerVaas"). Capitalized terms are used as defined in Article I hereto.

RECITALS

WHEREAS, the Company, Spartan, REI II, SerVaas, the Beurt SerVaas Revocable Trust and The Curtis Publishing Company have entered into that certain Investment Agreement dated as of December 23, 1996 (as the same may be amended, supplemented or otherwise modified from time to time, the "INVESTMENT AGREEMENT"), pursuant to which, among other things, each of Spartan and REI II is acquiring 300 newly issued shares of common stock, no par value per share (the "COMMON STOCK");

WHEREAS, immediately following the consummation of the transactions contemplated by the Investment Agreement, SerVaas shall own, beneficially and of record, 300 shares of Common Stock;

WHEREAS, the Investment Agreement, among other things, provides that the execution and delivery of a stockholders' agreement and a registration rights agreement in substantially the form hereof is a condition to the consummation of the other transactions contemplated by the Investment Agreement; and

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Stockholders' Agreement among the parties hereto and dated the date hereof (as the same may be amended, supplemented or otherwise modified from time to time, the "STOCKHOLDERS' AGREEMENT").

NOW THEREFORE, in connection with the Investment Agreement and the Stockholders' Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 DEFINED TERMS IN STOCKHOLDERS' AGREEMENT.

Unless otherwise defined herein, capitalized terms used in this

Agreement shall have the respective meanings assigned to them in the Stockholders' Agreement.

1.2 DEFINITIONS.

The following defined terms, when used in this Agreement, shall have the respective meanings set forth below (such definitions to be equally applicable to both singular and plural forms of the terms defined):

"ADDITIONAL STOCKHOLDER" means any person who has executed a Joinder Agreement as an Additional Stockholder pursuant to Section 6.2 of the Stockholders' Agreement, and its direct and indirect Permitted Transferees, so long as any such Person shall hold Registrable Securities, and only to the extent that (i) the Company has granted such Person registration rights as a Stockholder hereunder and (ii) such Person has executed a Registration Rights Joinder Agreement.

"BLACK-OUT NOTICE" has the meaning ascribed to it in Section 2.7(b).

"COMMON STOCK" has the meaning ascribed to it in the recitals hereto.

"COMPANY" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"DEMAND REGISTRATION" means (i) any Qualifying Offering requested in accordance with Section 2.1(a), or (ii) any Long-Form Registration or Short-Form Registration requested in accordance with Section 2.1(b).

"INITIAL PUBLIC OFFERING" means the first time a registration statement filed under the Securities Act with the Commission respecting an offering, whether primary or secondary, of Common Stock (or securities convertible, exercisable or exchangeable for or into Common Stock or rights to acquire Common Stock or such securities), which is underwritten on a firmly committed basis, is declared effective and the securities so registered are issued and sold.

"INVESTMENT AGREEMENT" has the meaning ascribed to it in the recitals hereto.

"LONG-FORM REGISTRATION" has the meaning ascribed to it in Section 2.1(b).

"PERMITTED TRANSFEREE" means:

(i) with respect to any Stockholder who is a natural person, the spouse or any lineal descendant (including by adoption and stepchildren) of such Stockholder, any son-in-law or daughter-in-

law of such Stockholder, or any trust of which such Stockholder is the trustee and which is established solely for the benefit of any of the foregoing individuals and whose terms are not inconsistent with the terms of the Stockholders' Agreement; and

(ii) with respect to any Stockholder who is not a natural person, (A) any Affiliate of such Stockholder and any trustee, officer, director or employee of such Stockholder or any such

Affiliate, (B) any spouse, lineal descendant (including by adoption and stepchildren), son-in-law or daughter-in-law of the trustees, officers, directors and employees referred to in clause (A) above, and any trust where a majority in interest of the beneficiaries thereof are one or more of the persons described in this clause (B) and the trustees, officers, directors and employees described in clause (A) above and whose terms are not inconsistent with the terms of this Agreement or the Stockholders' Agreement; and

(iii) as to any REI Stockholder, (w) any other REI Stockholders, (x) any general partner or limited partner of REI II, (y) any partner, officer or employee of any such general partner or limited partner, (z) any Affiliate of any such general partner or limited partner, (ww) any director, officer, employee, investment advisor or partner of any such Affiliate or general partner or limited partner (and any subsequent transferee of such partner), and (xx) any liquidating trust or similar entity established by REI II or any of the foregoing entities for the benefit of its partners or interest holders and their Permitted Transferees for the purpose of holding Registrable Securities; and

(iv) as to any SerVaas Stockholder, (w) any other SerVaas Stockholder, and (x) any liquidating trust or similar entity established by or on behalf of a SerVaas Stockholder and its Permitted Transferees for the purpose of holding Registrable Securities.

"PIGGYBACK HOLDERS" has the meaning ascribed to it in Section 3.1.

"PIGGYBACK REGISTRATION" has the meaning ascribed to it in Section 3.1.

"REGISTRATION EXPENSES" has the meaning ascribed to it in Section 6.1.

"REGISTRABLE SECURITIES" means, at any time, (i) the shares of Common Stock then issued and outstanding or which are issuable upon the conversion, exercise or exchange of Equity Equivalents, (ii) any then outstanding securities into which shares of Common Stock shall have been changed and (iii) any then outstanding securities resulting from any reclassification or recapitalization of Common Stock; PROVIDED, HOWEVER, that "Registrable Securities" shall not include any shares of Common Stock or other securities obtained or transferred pursuant to an effective registration statement under the Securities Act or in a Rule 144 Transaction; and PROVIDED FURTHER, HOWEVER, that "REGISTRABLE SECURITIES" shall not include any shares of Common Stock or other securities which are held by a Person who is not a Stockholder.

"REGISTRATION RIGHTS JOINDER AGREEMENT" means a Registration Rights Joinder Agreement in the form attached hereto as Exhibit A.

"REI II" has the meaning ascribed to it in the introductory paragraph of this Agreement.

"REI STOCKHOLDERS" means REI II and its direct and indirect Permitted Transferees, so long as any such Person shall hold Registrable Securities.

"REQUESTING INVESTORS" means, with respect to any Demand

Registration, the Required Spartan Stockholders Required REI Stockholders or Required SerVaas Stockholders (as the case may be) that have requested such Demand Registration in accordance with Section 2.1(a) or (b).

"REQUIRED REI STOCKHOLDERS" means, as of the date of any determination thereof, REI Stockholders which then hold Registrable Securities representing at least a majority (by number of shares) of the Registrable Securities, on a fully diluted basis, then held by all REI Stockholders.

"REQUIRED SERVAAS STOCKHOLDERS" means, as of the date of any determination thereof, SerVaas Stockholders which then hold Registrable Securities representing at least a majority (by number of shares) of the Registrable Securities, on a fully diluted basis, then held by all SerVaas Stockholders.

"REQUIRED SPARTAN STOCKHOLDERS" means, as of the date of any determination thereof, Spartan Stockholders which then hold Registrable Securities representing at least a majority (by number of shares) of the Registrable Securities, on a fully diluted basis, then held by all Spartan Stockholders.

"REQUISITE REQUESTING INVESTORS" means, as of the date of any determination thereof with respect to any Demand Registration, Requesting Investors of such Demand Registration which then hold at least 66-2/3% (by number of shares) of the Registrable Securities, on a fully diluted basis, then held by all Requesting Investors of such Demand Registration.

"SERVAAS STOCKHOLDERS" means SerVaas and its direct and indirect Permitted Transferees, so long as any such Person shall hold Registrable Securities.

"SHORT-FORM REGISTRATION" has the meaning ascribed to it in Section 2.1(b).

"SPARTAN STOCKHOLDERS" means Spartan and its direct and indirect Permitted Transferees, so long as any such Person shall hold Registrable Securities.

"STOCKHOLDERS" means the Spartan Stockholders, the REI Stockholders, the SerVaas Stockholders and any Additional Stockholder or transferee of any of the foregoing persons who has acquired Registrable Securities in accordance with the Stockholders' Agreement and who has executed a Registration Rights Joinder Agreement.

"STOCKHOLDERS' AGREEMENT" has the meaning ascribed to it in the recitals hereto.

"TRUST" has the meaning ascribed to it in the introductory paragraph of this Agreement.

ARTICLE II
DEMAND REGISTRATIONS

2.1 REQUESTS FOR REGISTRATION.

(a) If the Company has not theretofore effected a public offering, then, at any time from and after the third anniversary of the date hereof, any of the Required Spartan Stockholders, the Required REI Stockholders or the Required SerVaas Stockholders may request that the

Company effect a Qualifying Offering, and the Company shall use all reasonable efforts to effect the Qualifying Offering within 120 days after its receipt of such request. Within 10 days after its receipt of such request, the Company will give written notice of such request to all other holders of Registrable Securities. The Company will use all reasonable efforts to include in the Qualifying Offering (i) all Registrable

Securities which the Requesting Investors have requested to be included therein and (ii) all other Registrable Securities with respect to which the Company has received written requests for inclusion therein by the Stockholders within 30 days after their receipt of the Company's notice, subject in each case to the provisions of Section 2.5. The Company will pay all Registration Expenses in connection with a Qualifying Offering requested in accordance with this Section 2.1(a).

(b) Subject to Sections 2.2, 2.3 and 2.7, at any time from and after the date which is 91 days after the closing of an Initial Public Offering, any or all of the Required Spartan Stockholders, the Required REI Stockholders and the Required SerVaas Stockholders may request registration under the Securities Act of all or part of their Registrable Securities (i) on Form S-1 or S-2 or any similar long-form registration statement (any such registration, a "LONG-FORM REGISTRATION"), or (ii) on Form S-3 or any similar short-form registration statement (any such registration, a "SHORT-FORM REGISTRATION"), if the Company qualifies to use such short form. Within 10 days after its receipt of any such request, the Company will give written notice of such request to all other holders of Registrable Securities. Thereafter, the Company will use all reasonable efforts to effect the registration under the Securities Act on the form requested by the Requesting Investors, and to include in such registration, (i) all Registrable Securities which the Requesting Investors have so requested to be included therein and (ii) all other Registrable Securities with respect to which the Company has received written requests for inclusion therein by the Stockholders within 30 days after their receipt of the Company's notice, subject in each case to the provisions of Section 2.5.

(c) Any Requesting Investors which request a Demand Registration pursuant to Section 2.1 (b) may, at any time prior to the effective date of the registration statement relating to such Demand Registration, revoke such request by providing written notice to the Company; PROVIDED, HOWEVER, that notwithstanding such revocation, such Demand Registration shall be deemed a request for purposes of Section 2.2 unless, after consultation with the Company and any proposed underwriter, the Requesting Investors in good faith determine that the Registrable Securities which they have requested to be registered would not be sold pursuant to such Demand Registration within a reasonable amount of time or at a price acceptable to such Requesting Investors.

(d) Any request for a Demand Registration pursuant to this Article II shall specify the number of Registrable Securities proposed to be sold by the Requesting Investors and, in the case of a Demand Registration requested pursuant to Section 2.1(b), the intended method of disposition thereof.

2.2 LONG-FORM REGISTRATIONS.

In addition to their right to request a Qualifying Offering pursuant to Section 2.1(a), the Required Spartan Stockholders, the Required

REI Stockholders and the Required SerVaas Stockholders will each be entitled to request pursuant to Section 2.1(b) up to two Long-Form Registrations. The Company will pay all Registration Expenses in connection with any such Long-Form Registration. All Long-Form Registrations (unless otherwise requested by the relevant Requesting Investor) shall be underwritten registrations.

2.3 SHORT-FORM REGISTRATIONS.

In addition to the Long-Form Registrations contemplated by Section 2.2, the Required Spartan Stockholders, the Required REI Stockholders and the Required SerVaas Stockholders will each be entitled to request an unlimited number of Short-Form Registrations in which the Company will pay all Registration Expenses. Demand Registrations will be Short-Form Registrations whenever the Company is qualified to use Form S-3 or any similar short form registration statement. Once the Company has become subject to the reporting requirements of the Exchange Act, the Company will use its reasonable best efforts to make Short-Form Registrations available for the sale of Registrable Securities.

2.4 EFFECTIVE REGISTRATION STATEMENT.

No Demand Registration shall be deemed to have been requested or effected for purposes of Section 2.1 (a) or 2.2:

(i) unless a registration statement with respect thereto has become effective (other than in connection with a revocation notice delivered pursuant to Section 2.1(c));

(ii) if, after it has become effective, any stop order, injunction or other order or requirement of the Commission or any other governmental agency or court for any reason, affecting any of the Registrable Securities covered by such registration statement, is threatened in writing or issued by the Commission or other governmental agency or court;

(iii) if the Company declines to effect such Demand Registration pursuant to Section 2.7(a) or delivers a Black-Out Notice with respect to such Demand Registration;

(iv) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such Demand Registration are not satisfied by reason of a failure by or inability of the Company to satisfy any of such conditions, or the occurrence of an event outside the reasonable control of the relevant Requesting Investors;

(v) other than in the case of a Qualifying Offering, if the Requesting Investors have made the determination contemplated by the PROVISO to Section 2.1(c) with respect to such Demand Registration and have notified the Company of such determination in a revocation notice delivered in accordance with Section 3.1(b); or

(vi) other than in the case of a Qualifying Offering, if the Requesting Investors are not able to register and sell at least 80% of the amount of

Registrable Securities which they requested to be included in such registration;

PROVIDED that the Company will pay all Registration Expenses in connection with any Demand Registration if pursuant to this Section 2.4 the registration is deemed not to have been requested or effected.

2.5 PRIORITY ON DEMAND REGISTRATIONS.

(a) The Company will not include in any Demand Registration (other than a Qualifying Offering requested pursuant to Section 2.1(a)) any securities which are not Registrable Securities without the written consent of the Requisite Requesting Investors. The Company will not include in any Qualifying Offering requested pursuant to Section 2.1(a) any securities, other than Registrable Securities or shares of Common Stock to be sold by the Company, without the written consent of the Requisite Requesting Investors.

(b) If the Requesting Investors and other holders of Registrable Securities request Registrable Securities to be included in a Demand Registration which is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the number of Registrable Securities requested to be included exceeds the number of Registrable Securities which can be sold in such offering within a price range acceptable to the Requisite Requesting Investors, the Company will include any securities to be sold in such Demand Registration in the following order:

(i) in the case of a Demand Registration (other than a Qualifying Offering requested pursuant to Section 2.1(a)), (w) FIRST, the Registrable Securities requested to be included in such registration by the Requesting Investors; (x) SECOND, the Registrable Securities requested to be included in such registration by other Stockholders in accordance with Section 2.1(b), PROVIDED that if the managing underwriters determine in good faith that a lower number of Registrable Securities should be included, then only that lower number of Registrable Securities requested to be included by other Stockholders shall be included in such registration, and the other Stockholders shall participate in the registration on a pro rata basis in accordance with the number of Registrable Securities requested to be included in such registration by each such Stockholder, (y) THIRD, subject to Section 2.5(a), the securities which the Company proposes to sell and (z) FOURTH, any securities other than Registrable Securities to be sold by persons other than the Company included pursuant to Section 2.5(a); and

(ii) in the case of a Qualifying Offering requested pursuant to Section 2.1(a), (w) FIRST, the shares of Common Stock which the Company proposes to sell, (x) SECOND, the Registrable Securities requested to be included in the Qualifying Offering by the Stockholders in accordance with Section 2.1(a), PROVIDED that if the managing underwriters determine in good faith that a lower number of Registrable Securities should be included, then only that lower number of Registrable Securities requested to be included by the Stockholders shall be included in the Qualifying Offering, and the Stockholders shall participate in the Qualifying Offering on a pro rata basis in accordance with the number of Registrable Securities requested to be included in the Qualifying Offering by each Stockholder; (y) THIRD, subject to Section 2.5(a), any other securities the Company proposes to sell; and (z) FOURTH, any securities other than Registrable Securities to be sold by persons other than the Company included pursuant to Section 2.5(a).

(c) Any Person (other than Stockholders) including any securities in a Demand Registration must pay its share of the Registration Expenses as provided in Article VI.

2.6 SELECTION OF UNDERWRITERS.

The Requesting Investors will have the right to select the underwriters and the managing underwriter to administer any Demand Registration (which underwriters and managing underwriter shall be reasonably acceptable to the Company).

2.7 BLACK-OUT RIGHTS AND POSTPONEMENT.

(a) The Company shall not be required to effect a Demand Registration if the Company, within the 120-day period preceding the date of a request for a Demand Registration, has effected a registration of securities in which the Requesting Investors were entitled to participate to the fullest extent pursuant to Demand Registration rights under Article II or Piggyback Registration rights under Article III.

(b) The Company may, upon written notice (a "BLACK-OUT NOTICE") to the Requesting Investors requesting a Demand Registration, require such Requesting Investors to withdraw such Demand Registration upon the good faith determination by the Company that such postponement is necessary (i) to avoid disclosure of material non-public information or (ii) as a result of a pending material financing or acquisition transaction, and in each case, each of the Spartan Stockholders, the REI Stockholders and the SerVaas Stockholders may not request another Demand Registration for a period of up to 120 days, as specified by the Company in such Black-Out Notice. The Company may only give a Black-Out Notice where the giving of such notice has been specifically approved by the Board. Upon receipt of a Black-Out Notice, the related Demand Registration shall be deemed to be rescinded and retracted and shall not be counted as a Demand Registration for any purpose. The Company may not deliver more than three Black-Out Notices in any 12-month period; PROVIDED, HOWEVER, that the aggregate number of days covered by Black-Out Notices in any 12-month period shall not under any circumstances exceed 120.

ARTICLE III
PIGGYBACK REGISTRATIONS

3.1 RIGHT TO PIGGYBACK.

Whenever the Company proposes (other than pursuant to a Demand Registration or an Initial Public Offering (unless otherwise agreed by the Company)) to register any of its equity securities under the Securities Act (whether for the Company's own account (other than on Forms S-4 or S-8 or any successor forms) or for the account of any other Person) (a "PIGGYBACK REGISTRATION"), the Company will give prompt written notice to all Spartan Stockholders, REI Stockholders and SerVaas Stockholders (the "PIGGYBACK HOLDERS") of its intention to effect such a registration, and such notice shall offer each Piggyback Holder the opportunity to register on the same terms and conditions such number of such Piggyback Holder's Registrable Securities as such Piggyback Holder may request. The Company will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein by the

Piggyback Holders within 30 days after their receipt of the Company's notice, subject to the provisions of Sections 3.3 and 3.4.

3.2 PIGGYBACK EXPENSES.

The Registration Expenses of the holders of Registrable Securities will be paid by the Company in all Piggyback Registrations.

3.3 PRIORITY ON PRIMARY REGISTRATIONS.

If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration are such that the success of the offering would be materially and adversely affected, the Company will include any securities to be sold in such Piggyback Registration in the following order: (i) FIRST, the securities which the Company proposes to sell, (ii) SECOND, the Registrable Securities requested to be included in such registration by the Piggyback Holders in accordance with Section 3.1, PROVIDED that if the managing underwriters determine in good faith that a lower number of Registrable Securities should be included, then the Company shall be required to include in such registration only that lower number of Registrable Securities, and the Piggyback Holders shall participate in such registration on a pro rata basis in accordance with the number of Registrable Securities requested to be included in such registration by each Piggyback Holder, and (iii) THIRD, any other securities proposed to be included in such registration.

3.4 PRIORITY ON SECONDARY REGISTRATIONS.

If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's securities, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration is such that the success of the offering would be materially and adversely affected, the Company will include any securities to be sold in such registration in the following order: (i) FIRST, the securities which such holders propose to sell, (ii) SECOND, the Registrable Securities requested to be included in such registration by the Piggyback Holders in accordance with Section 3.1, PROVIDED that if the managing underwriters determine in good faith that a lower number of Registrable Securities should be included, then the Company shall be required to include in such registration only that lower number of Registrable Securities, and the Piggyback Holders shall participate in such registration on a pro rata basis in accordance with the number of Registrable Securities requested to be included in such registration by each Piggyback Holder, and (iii) THIRD, any other securities proposed to be included in such registration.

ARTICLE IV
HOLDBACK AGREEMENTS

4.1 HOLDBACK.

Each holder of Registrable Securities agrees not to effect any public sale or distribution of Registrable Securities, or any securities convertible, exchangeable or exercisable for or into Registrable Securities, during the seven days prior to, and the 90-day period beginning on, the effective date of (a) an Initial Public Offering or (b) any underwritten Demand Registration or any underwritten Piggyback Registration in which such holder had an opportunity to participate without cutback under Article III hereof (in each case except as part of such Initial Public Offering or underwritten registration), unless the managing underwriters of such Initial Public Offering or underwritten registration otherwise agree.

4.2 COMPANY HOLDBACK.

The Company agrees (i) not to effect any public sale or distribution of its equity securities, or any securities convertible, exchangeable or exercisable for or into such securities, during the 14 days prior to, and during the 90-day period beginning on, the effective date of any underwritten Demand Registration or any underwritten Piggyback Registration in which holders of Registrable Securities are selling stockholders (except as part of such underwritten registration or pursuant to registration on Form S-4 or S-8 or any similar successor form), unless the managing underwriters of such underwritten Demand Registration or underwritten Piggyback Registration otherwise agree, and (ii) to use all reasonable efforts to cause each holder of at least 5% (on a fully-diluted basis) of its equity securities to agree not to effect any public sale or distribution of any such equity securities or any securities convertible, exchangeable or exercisable for or into such equity securities during such period (except as part of such underwritten registration, if otherwise permitted), unless the managing underwriters of such underwritten Demand Registration or underwritten Piggyback Registration otherwise agree.

ARTICLE V
REGISTRATION PROCEDURES

Whenever the Stockholders have requested that a Qualifying Offering be effected in accordance with Section 2.1(a) or that any Registrable Securities be registered in accordance with Article II or III, the Company will use all reasonable efforts to effect the Qualifying Offering or the registration and the sale of such Registrable Securities in

accordance with the intended method of disposition thereof, as the case may be, and pursuant thereto the Company will as expeditiously as possible (or, in the case of clause (p) below, will not):

(a) prepare and file with the Commission a registration statement with respect to such Qualifying Offering or such Registrable Securities, as the case may be (such registration statement to include in each case all information which the holders of the Registrable Securities to be registered thereby, if any, shall reasonably request) and use all reasonable efforts to cause such registration statement to become effective, PROVIDED that as promptly as practicable before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will (i) furnish copies of all such documents proposed to be filed to (x) one counsel selected by the Required Spartan Stockholders, one counsel selected by the Required REI Stockholders and one counsel selected by the Required SerVaas Stockholders, in the case of a Qualifying Offering requested pursuant to Section 2.1(a), or (y) in all other cases, to one counsel selected by the Requesting Investors, and in each case the Company shall not file any such documents to which any such relevant counsel shall have reasonably objected on the grounds that such document does not comply in all material respects with the requirements of the Securities Act, and (ii) notify each Spartan Stockholder, each REI Stockholder and each SerVaas Stockholder, in the case of a Qualifying Offering requested pursuant to Section 2.1(a), and each holder of Registrable Securities covered by such registration statement, in all other cases, of (x) any request by the Commission to amend such registration statement or amend or supplement any prospectus, or (y) any stop order issued or threatened by the Commission, and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered;

(b) (i) prepare and file with the Commission such amendments and

supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective at all times during the period commencing on the effective date of such registration statement and ending on the first date as of which all Registrable Securities (and all shares of Common Stock to be sold by the Company, in the case of a Qualifying Offering requested pursuant to Section 2.1(a)) covered by such registration statement are sold in accordance with the intended plan of distribution set forth in such registration statement and (ii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) furnish, without charge, (i) in the case of a Qualifying Offering requested pursuant to Section 2.1(a), to each Spartan Stockholder, each REI Stockholder and each SerVaas Stockholder, five conformed copies of such registration statement, each amendment and supplement thereto and the prospectus included in such registration statement (including each preliminary prospectus and, in the case of two of such copies, including all exhibits thereto and documents incorporated by reference therein), and (ii) in all other cases, to each seller of Registrable Securities covered by such registration statement, such number of conformed copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus and, in each case, including all exhibits thereto and documents incorporated by reference therein) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(d) use its best efforts to register or qualify the Registrable Securities, if any, covered by such registration statement under such other securities or blue sky laws of such jurisdictions as any seller thereof shall reasonably request, to keep such registration or qualification in effect for so long as such registration statement remains in effect and to do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of any such Registrable Securities owned by such seller; PROVIDED, HOWEVER, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this clause (d), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(e) furnish to each seller of the Registrable Securities, if any, covered by such registration statement a signed copy, addressed to such seller (and the underwriters, if any) of an opinion of counsel for the Company or special counsel to the selling stockholders, dated the effective date of such registration statement (and, if such registration statement includes an underwritten public offering, dated the date of the closing under the underwriting agreement), reasonably satisfactory in form and substance to such seller, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer's counsel delivered to the underwriters in underwritten public offerings, and such other legal matters as the seller (or the underwriters, if any) may reasonably request;

(f) notify each Spartan Stockholder, each REI Stockholder and each SerVaas Stockholder (in the case of a Qualifying Offering requested

pursuant to Section 2.1(a)) and each seller of Registrable Securities covered by such registration statement (in all other cases), at a time when a prospectus relating to such Qualifying Offering or Registrable Securities (as the case may be) is required to be delivered under the Securities Act, of the occurrence of any event known to the Company as a result of which the prospectus included in such registration statement, as then in effect, contains an untrue statement of a material fact or omits to state any fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made; and, at the request of any seller of Registrable Securities covered by such registration statement, (i) the Company will prepare and furnish such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made and (ii) the Company shall extend the period during which such registration statement shall be maintained effective by the number of days during the period from and including the date of the giving of such notice to such seller to the date when the Company made available to such seller an appropriately amended or supplemented prospectus;

(g) cause the Registrable Securities, if any, covered by such registration statement to be listed on each securities exchange on which similar securities issued by the Company are then listed and to enter into such customary agreements as may be required in furtherance thereof, including without limitation listing applications and indemnification agreements in customary form;

(h) provide a transfer agent and registrar for the Registrable Securities, if any, covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary arrangements and take all such other actions as the holders of a majority (by number of shares) of the Registrable Securities, if any, covered by such registration statement or the underwriters, if any, reasonably request in order to expedite or facilitate the Qualifying Offering or the disposition of such Registrable Securities (including using its best efforts to effect a stock split or a combination of shares);

(j) make available for inspection by any seller of Registrable Securities covered by such registration statement, any underwriter participating in any disposition of securities pursuant to such registration statement and any attorney, accountant or other agent retained

by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(k) subject to other provisions hereof, use all reasonable efforts to cause the Registrable Securities, if any, covered by such registration statement to be registered with or approved by such governmental agencies or authorities or self-regulatory organizations as may be necessary to enable the sellers thereof to consummate the

disposition of such Registrable Securities;

(l) use all reasonable efforts to obtain a "comfort" letter, dated the effective date of such registration statement (and, if such registration includes an underwritten offering, dated the date of the closing under the underwriting agreement), signed by the independent public accountants who have certified the Company's financial statements included in such registration statement, addressed to the Company, to each seller of the Registrable Securities (if any) covered by such registration statement, and to the underwriters, if any, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to the underwriters in underwritten public offerings of securities and such other financial matters as any such seller or the underwriters, if any, may reasonably request;

(m) otherwise use all reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to its security holders, in each case as soon as practicable, an earnings statement covering a period of at least twelve months, beginning with the first month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(n) permit any holder of Registrable Securities covered by such registration statement, which holder, in the sole judgment, exercised in good faith, of such holder might be deemed to be a controlling person of the Company (within the meaning of the Securities Act or the Exchange Act) to participate in the preparation of such registration statement and to include therein material, furnished to the Company in writing, which in the reasonable judgment of such holder should be included and which is reasonably acceptable to the Company;

(o) use all reasonable efforts to obtain the lifting at the earliest possible time of any stop order suspending the effectiveness of such registration statement or of any order preventing or suspending the use of any preliminary prospectus included therein;

(p) at any time file or make any amendment to such registration statement, or any amendment of or supplement to the prospectus included therein (including amendments of the documents incorporated by reference into the prospectus), (i) of which each Spartan Stockholder, each REI Stockholder and each SerVaas Stockholder and the managing underwriters (in the case of a Qualifying Offering requested pursuant to Section 2.1(a)) or each seller of Registrable Securities covered by such registration statement or the managing underwriters, if any (in all other cases), shall not have previously been advised and furnished a copy or (ii) to which the Required Spartan Stockholders, the Required REI Stockholders, the Required SerVaas Stockholders, the managing underwriters or counsel for the Required Spartan Stockholders, the Required REI Stockholders, the Required SerVaas Stockholders or the managing underwriters (in the case of a Qualifying Offering requested pursuant to Section 2.1(a)), or the sellers of a majority (by number of shares) of the Registrable Securities covered by such registration statement, the managing underwriters (if any) or counsel for such sellers or any such managing underwriters (in all other cases), shall reasonably object;

(q) make such representations and warranties (subject to appropriate disclosure schedule exceptions) to the sellers of the Registrable Securities, if any, covered by such registration statement and the underwriters, if any, in form, substance and scope as are customarily

made by issuers to underwriters and selling holders, as the case may be, in underwritten public offerings of substantially the same type; and

(r) if such registration statement refers to any seller of Registrable Securities covered thereby by name or otherwise as the holder of any securities of the Company then (whether or not such seller is or might be deemed to be a controlling person of the Company), (i) at the request of such seller, insert therein language, in form and substance reasonably satisfactory to such seller, the Company and the managing underwriters, if any, to the effect that the holding by such seller of such securities is not to be construed as a recommendation by such seller of the investment quality of the Registrable Securities or the Company's other securities covered thereby and that such holding does not imply that such seller will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such seller by name or otherwise is not required by the Securities Act, any similar Federal or state statute, or any rule or regulation of any regulatory body having jurisdiction over the offering, at the request of such seller, delete the reference to such seller.

ARTICLE VI
REGISTRATION EXPENSES

6.1 FEES GENERALLY.

All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation internal expenses (including without limitation all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance, the expenses and fees for listing securities on one or more securities exchanges in connection with a Qualifying Offering or pursuant to clause (g) of Article V, all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), printing expenses, messenger and delivery expenses, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding underwriting fees, discounts and commissions) and other Persons retained by the Company (all such expenses being herein called "REGISTRATION EXPENSES") shall be borne by the Company, except that each Stockholder shall pay any underwriting fees, discounts or commissions attributable to the sale of its Registrable Securities.

6.2 COUNSEL FEES.

In connection with a Qualifying Offering requested pursuant to Section 2.1(a), the Company will (a) reimburse the Spartan Stockholders for the reasonable fees and disbursements of one counsel selected by the Required Spartan Stockholders, (b) reimburse the REI Stockholders for the reasonable fees and disbursements of one counsel selected by the Required REI Stockholders and (c) reimburse the SerVaas Stockholders for the reasonable fees and disbursements of one counsel selected by the Required SerVaas Stockholders. In connection with each other Demand Registration, the Company will reimburse the Requesting Investors for the reasonable fees and disbursements of one counsel selected by the Requesting Investors.

ARTICLE VII
UNDERWRITTEN OFFERINGS

7.1 DEMAND UNDERWRITTEN OFFERINGS.

If requested by the underwriters for any underwritten offering of

Registrable Securities pursuant to a Demand Registration, the Company will enter into an underwriting agreement with such underwriters for such

offering, such agreement to be satisfactory in substance and form to the Requesting Investor requesting such Demand Registration (or, in the case of a Qualifying Offering requested pursuant to Section 2.1(a), the holders of a majority (by number of shares) of the Registrable Securities included in such Demand Registration) and the underwriters, to contain such representations and warranties by the Company and such other terms as are generally included in agreements of this type, including indemnities customarily included in such agreements, and to be otherwise reasonably satisfactory in form and substance to the Company. The holders of the Registrable Securities to be distributed by such underwriters will cooperate in good faith with the Company in the negotiation of the underwriting agreement. The holders of the Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to the obligations of such holders of Registrable Securities. The Company shall cooperate with any such holder of Registrable Securities in order to limit any representations or warranties to, or agreements with, the Company or the underwriters to be made by such holder only to representations, warranties or agreements regarding such holder, such holder's Registrable Securities, such holder's intended method of distribution and any other representation required by applicable law.

7.2 INCIDENTAL UNDERWRITTEN OFFERINGS.

If the Company at any time proposes to register any of its equity securities under the Securities Act as contemplated by Article III and such equity securities are to be distributed by or through one or more underwriters, the Company will, if requested by any Piggyback Holder as provided in Article III, arrange for such underwriters to include all the Registrable Securities to be offered and sold by such Piggyback Holder, subject to the limitations set forth in Article III, among the securities to be distributed by such underwriters. The holders of the Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and such underwriters, and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also be conditions precedent to the obligations of such holders of Registrable Securities. The Company shall cooperate with

any such holder of Registrable Securities in order to limit any representations or warranties to, or agreements with, the Company or the underwriters to be made by such holder only to representations, warranties or agreements regarding such holder, such holder's Registrable Securities, such holder's intended method of distribution and any other representation required by applicable law.

ARTICLE VIII
INDEMNIFICATION

8.1 INDEMNIFICATION BY THE COMPANY.

The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each of the holders of any Registrable Securities covered by a registration statement that has been filed with the Commission pursuant to this Agreement, each other Person, if any, who controls such holder within the meaning of the Securities Act or the Exchange Act, and each of their respective directors, general partners and officers, as follows:

(i) against any and all loss, liability, claim, damage or expense (other than amounts paid in settlement) incurred by such Person arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary prospectus or prospectus included therein (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense incurred by such Person to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, in each case whether commenced or threatened, or of any claim whatsoever, that is based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is

effected with the written consent of the Company (which consent shall not be unreasonably withheld or delayed); and

(iii) against any and all expense incurred by such Person in connection with investigating, preparing or defending against any litigation or any investigation or proceeding by any governmental agency or body, in each case whether commenced or threatened in writing, or against any claim whatsoever, that is based upon any such untrue statement or omission or any such alleged untrue statement or omission, to the extent that any such expense is not paid under clause (i) or (ii) above;

PROVIDED, HOWEVER, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of or based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such holder expressly for use in the preparation of any registration statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary prospectus or prospectus included therein

(or any amendment or supplement thereto); and PROVIDED FURTHER, HOWEVER, that the Company will not be liable to any holder of Registrable Securities (or any other indemnified Person) under the indemnity agreement in this Section 8.1, with respect to any preliminary prospectus or the final prospectus or the final prospectus as amended or supplemented, as the case may be, to the extent that any such loss, liability, claim, damage or expense of such holder (or other indemnified Person) results from the fact that such holder sold Registrable Securities to a Person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or of the final prospectus as then amended or supplemented, whichever is most recent, if the Company has previously and timely furnished copies thereof to such holder. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or any other Person eligible for indemnification under this Section 8.1, and shall survive the transfer of such securities by such seller.

8.2 INDEMNIFICATION BY A SELLING STOCKHOLDER.

In connection with any registration statement in which a holder of Registrable Securities is participating, each such holder agrees to indemnify and hold harmless (in the same manner and to the same extent as

set forth in Section 8.1 of this Agreement), to the extent permitted by law, the Company and its directors, officers and controlling Persons, and their respective directors, officers and general partners, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary, final or summary prospectus included therein, or any amendment or supplement thereto, or to any such prospectus, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information that relates only to such holder or the plan of distribution that is expressly furnished to the Company by or on behalf of such holder for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company, or such holder, as the case may be, or any of their respective directors, officers, controlling Persons or general partners and shall survive the transfer of Registrable Securities by such holder. With respect to each claim pursuant to this Section 8.2, each holder's maximum liability under this Section 8.2 shall be limited to an amount equal to the net proceeds actually received by such holder (after deducting any underwriting fees, discount and expenses) from the sale of Registrable Securities being sold pursuant to such registration statement or prospectus by such holder.

8.3 INDEMNIFICATION PROCEDURE.

Within 10 days after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding involving a claim referred to in Section 8.1 or Section 8.2, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; PROVIDED, HOWEVER, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Section 8.1 or Section 8.2 except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action or proceeding is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to

assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal fees and expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment an actual or potential conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, in which case the indemnifying party shall

not be liable for the fees and expenses of (i) in the case of a claim referred to in Section 8.1, more than one counsel (in addition to any local counsel) for all indemnified parties selected by the holders of a majority (by number of shares) of the Registrable Securities held by such indemnified parties, or (ii) in the case of a claim referred to in Section 8.2, more than one counsel (in addition to any local counsel) for the Company, in each case in connection with any one action or separate but similar or related actions or proceedings. An indemnifying party who is not entitled to (pursuant to the immediately preceding sentence), or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel (in addition to any local counsel) for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party an actual or potential conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels as may be reasonable in light of such conflict. The indemnifying party will not, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit, investigation or proceeding in respect of which indemnification may be sought hereunder (whether or not such indemnified party or any Person who controls such indemnified party is a party to such claim, action, suit, investigation or proceeding), unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability arising out of such claim, action, suit, investigation or proceeding. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any indemnified party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

8.4 UNDERWRITING AGREEMENT.

The Company, and each holder of Registrable Securities requesting registration of all or any part of such holder's Registrable Securities pursuant to Article II or Article III, shall provide for the foregoing indemnity (with appropriate modifications) in any underwriting agreement entered into in connection with a Demand Registration or a Piggyback Registration with respect to any required registration or other qualification of Registrable Securities under any Federal or state law or regulation of any governmental authority.

8.5 CONTRIBUTION.

If the indemnification provided for in Section 8.1 or 8.2 is unavailable to hold harmless an indemnified party under such Section, then each indemnifying party shall contribute to the amount paid or payable by

such indemnified party as a result of the losses, claims, damages, liabilities and expenses referred to in Section 8.1 or Section 8.2, as the case may be, in such proportion as is appropriate to reflect the relative fault of such indemnifying party, on the one hand, and such indemnified

party, on the other hand, in connection with statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations, including the relative benefits received by each party from the offering of the securities covered by the relevant registration statement, the parties' relative knowledge and access to information concerning the matter with respect to which the relevant claim was asserted and the parties' relative opportunities to correct and prevent any relevant statement or omission. Without limiting the generality of the foregoing, the parties' relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to relevant information and opportunity to correct or prevent any such untrue statements or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 8.5 were to be determined by pro rata or per capita allocation (even if the underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the first and second sentences of this Section 8.5. The amount paid by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this Section 8.5 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending the relevant action or proceeding and shall be limited as provided in Section 8.3 if the indemnifying party has assumed the defense of the relevant action or proceeding in accordance with the provisions of Section 8.3. Promptly after receipt by an indemnified party under this Section 8.5 of notice of the commencement of any action or proceeding against such party in respect of which a claim for contribution may be made against an indemnifying party under this Section 8.5, such indemnified party shall notify the indemnifying party in writing of the commencement thereof if the notice specified in Section 8.3 has not been given with respect to such action or proceeding; PROVIDED, HOWEVER, that the omission to so notify the indemnifying party shall not relieve the indemnifying party from any liability which it may otherwise have to any indemnified party under this Section 8.5, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. The Company and each holder of Registrable Securities agrees with each other and the underwriters of the Registrable Securities, if requested by such underwriters, that (i) the underwriters' portion of the contribution paid to such holders pursuant to

this Section 8.5 shall not exceed the total underwriting fees, discounts and commissions in connection with the relevant offering and (ii) that the total amount of any such holder's contributions under this Section 8.5 shall not exceed an amount equal to the net proceeds actually received by such holder from the sale of Registrable Securities in the offering to which the losses, liabilities, claims, damages or expenses of the indemnified parties relate. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

8.6 PERIODIC PAYMENTS.

The indemnification required by this Article VIII shall be made by periodic payments of the amount thereof during the course of the relevant investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

ARTICLE IX

If the Company shall have filed a registration statement pursuant to the requirements of Section 12 of the Exchange Act or a registration statement pursuant to the requirements of the Securities Act, the Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act (or, if the Company is not required to file such reports, it will, upon the request of any holder of Registrable Securities, make publicly available other information), and it will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell shares of Registrable Securities without registration under the Securities Act in compliance with (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

ARTICLE X
PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No holder of Registrable Securities may participate in any underwritten registration hereunder unless such holder (i) agrees to sell such holder's Registrable Securities on the basis provided in any

underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, escrow agreements and other documents reasonably required under the terms of such underwriting arrangements and consistent with the provisions of this Agreement.

ARTICLE XI
MISCELLANEOUS

11.1 NO INCONSISTENT AGREEMENTS.

The Company represents and warrants that it does not currently have, and covenants that it will not hereafter enter into, any agreement which is inconsistent with, or would otherwise restrict the performance by the Company of, its obligations hereunder.

11.2 ADJUSTMENTS AFFECTING REGISTRABLE SECURITIES.

The Company will use all reasonable efforts not to take any action, and not to fail to take any action which it may properly take, with respect to its securities if such action or failure to act would adversely affect (a) the ability of the holders of Registrable Securities to include Registrable Securities in a registration undertaken pursuant to this Agreement or (b) to the extent within the Company's control, would adversely affect the marketability of such Registrable Securities in any such registration (it being understood that the actions referred to in this Section 11.2 include effecting a stock split or a combination of shares).

11.3 SPECIFIC PERFORMANCE.

The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy that may

be available to any of them at law or equity; PROVIDED, HOWEVER, that each of the parties hereto agrees to provide the other parties with written notice at least two business days prior to filing any motion or other pleading seeking a temporary restraining order, a temporary or permanent injunction, specific performance, or any other equitable remedy and to give the other parties and their counsel a reasonable opportunity to attend and participate in any judicial or administrative hearing or other proceeding held to adjudicate or rule upon any such motion or pleading.

11.4 ACTIONS TAKEN; AMENDMENTS AND WAIVERS.

Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement will be effective against the Company or any holder of Registrable Securities, unless such modification, amendment or waiver is approved in writing by the Company, the Required Spartan Stockholders, the Required REI Stockholders and the Required SerVaas Stockholders. Each of the Stockholders and the Company shall be bound by each modification, amendment or waiver authorized in accordance with this Section 11.4, regardless of whether the certificates evidencing the Registrable Securities shall have been marked to indicate such modification, amendment or waiver. The failure of any party hereto to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

11.5 SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. In addition, and whether or not any express assignment has been made, the provisions of this Agreement which are for the benefit of purchasers or holders of Registrable Securities are also for the benefit of, and enforceable by, any subsequent holder of Registrable Securities, except to the extent reserved to or by the transferor in connection with any such transfer; PROVIDED, HOWEVER, that the benefits of this Agreement shall inure to and be enforceable by any transferee of Registrable Securities only if such transferee shall have acquired such Registrable Securities in accordance with the terms of the Stockholders' Agreement and shall have executed a Registration Rights Joinder Agreement.

11.6 NOTICES.

(a) All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed (by registered or certified mail, postage prepaid, return receipt requested) or delivered by reputable overnight courier, fee prepaid, to the parties at the following addresses or facsimile numbers:

If to any Spartan Stockholder, to:

Spartan Motors, Inc.
1000 Reynolds Road
Charlotte, Michigan 48813
Facsimile No.: (517) 543-7729
Attn: George Sztykiel

with a copy to:

Foster, Swift, Collins & Smith
313 South Washington Square
Lansing, MI 48933
Facsimile No.: (571) 371-8200
Attn: James B. Jensen, Jr., Esq.

If to any REI Stockholder, to:

Recovery Equity Investors II, L.P.
901 Mariner's Island Boulevard
Suite 465
San Mateo, CA 94404
Facsimile No.: (415) 578-9842
Attn: Joseph J. Finn-Egan
Jeffrey A. Lipkin

with a copy to:

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Facsimile No.: 212-309-6273
Attn: Philip H. Werner, Esq.

If to any SerVaas Stockholder, to:

The Curtis Publishing Company
1000 Waterway Boulevard
Indianapolis, IN 46202
Facsimile No.: (317) 633-8813
Attn: Dr. Beurt SerVaas

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

If to the Company, to:

Carpenter Industries Inc.
1100 Industries Road
Richmond, IN 47374
Facsimile No.: (317) 965-4100
Attn: Timothy S. Durham

with a copy to:

Leeuw, Plopper & Beeman
135 North Pennsylvania Street
2000 First Indiana Plaza
Indianapolis, IN 46204
Facsimile No.: (317) 264-5420
Attn: Stephen E. Plopper, Esq.

(b) All such notices, requests and other communications will be deemed delivered upon receipt. Any party hereto may from time to time change its address, facsimile number or other information for the purpose of notices to such party by giving notice specifying such change to the other parties hereto in accordance with Section 11.6(a).

11.7 HEADINGS; CERTAIN CONVENTIONS.

The headings of the various Articles and Sections of this Agreement are for convenience of reference only and shall not define, limit or otherwise affect any of the terms or provisions hereof. Unless the context otherwise expressly requires, all references herein to Articles, Sections and Exhibits are to Articles and Sections of, and Exhibits to, this Agreement. The words "herein," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular Section or provision. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

11.8 GENDER.

Whenever the pronouns "he" or "his" are used herein they shall also be deemed to mean "she" or "hers" or "it" or "its" whenever applicable. Words in the singular shall be read and construed as though in the plural and words in the plural shall be construed as though in the singular in all cases where they would so apply.

11.9 INVALID PROVISIONS.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

11.10 GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

11.11 CONSENT TO JURISDICTION AND SERVICE OF PROCESS.

EACH OF THE PARTIES HERETO CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF NEW YORK, STATE OF NEW YORK AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE PARTY AT THE ADDRESS SPECIFIED IN THIS

AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 15 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO OBTAIN JURISDICTION OVER OR TO BRING ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE OTHER PARTIES HERETO IN SUCH OTHER JURISDICTIONS, AND IN SUCH MANNER, AS MAY BE PERMITTED BY ANY APPLICABLE LAW.

11.12 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. EACH OF THE PARTIES HERETO ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF SUCH PARTY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF THE PARTIES HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11.13 COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

CARPENTER INDUSTRIES INC.

By:_____
Name:
Title:

SPARTAN MOTORS, INC.

By:_____
Name:
Title:

RECOVERY EQUITY INVESTORS II, L.P.
By Recovery Equity Partners II, L.P.,
its general partner

By:_____
Name: Joseph J. Finn-Egan
Title: General Partner

By:_____
Name: Jeffrey A. Lipkin
Title: General Partner

CARPENTER INDUSTRIES LLC

By:_____
Name:
Title:

[Signature Page to Registration Rights Agreement]

Exhibit A-1

Form of Registration Rights Joinder Agreement
For Permitted Transferees

CARPENTER INDUSTRIES INC.
1100 Industries Road
Richmond, IN 47374

Attention: Chief Executive Officer

Ladies & Gentlemen:

In consideration of the transfer to the undersigned of [DESCRIBE SECURITY BEING TRANSFERRED] of CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY"), the undersigned represents that it is a Permitted Transferee of [INSERT NAME OF TRANSFEROR] and agrees that, as of the date written below, [HE][SHE][IT] shall become a party to, and a Permitted Transferee as defined in, that certain Registration Rights Agreement dated as of _____, 199_, as such agreement may have been amended from time to time (the "AGREEMENT"), among the Company and the persons named therein, and as a Permitted Transferee shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Agreement that were applicable to the undersigned's transferor, as though an original party thereto and shall be deemed a [SPARTAN STOCKHOLDER] [SERVAAS STOCKHOLDER] [REI STOCKHOLDER] [ADDITIONAL STOCKHOLDER] for all purposes thereof.

Executed as of the day of , .

SIGNATORY:_____

Address: _____
_____

ACKNOWLEDGED AND ACCEPTED:

CARPENTER INDUSTRIES INC.

By _____
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

Exhibit A-2

Form of Registration Rights Joinder Agreement
For Additional Stockholders

CARPENTER INDUSTRIES INC.
1100 Industries Road
Richmond, IN 47374

Attention: Chief Executive Officer

Ladies & Gentlemen:

In consideration of the issuance to the undersigned of [DESCRIBE SECURITY BEING ISSUED] of CARPENTER INDUSTRIES INC., a Delaware corporation (the "COMPANY"), the undersigned agrees that, as of the date written below, [HE][SHE][IT] shall become a party to that certain Registration Rights Agreement dated as of _____ __, 199_, as such agreement may have been amended from time to time (the "AGREEMENT"), among the Company and the persons named therein, and shall be fully bound by, and subject to, the covenants, terms and conditions of the Agreement as provided under Section 11.5 of the Agreement as though an original party thereto.

Executed as of the day of , .

SIGNATORY:_____

Address: _____

_____

ACKNOWLEDGED AND ACCEPTED:

CARPENTER INDUSTRIES INC.

By _____
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

Exhibit A-3

Form of Registration Rights Joinder Agreement
For Transferees under Section 2.5 of the Stockholders' Agreement

CARPENTER INDUSTRIES INC.
1100 Industries Road
Richmond, IN 47374

Attention: Chief Executive Officer

Ladies & Gentlemen:

In consideration of the transfer to the undersigned of [DESCRIBE SECURITY BEING TRANSFERRED] of CARPENTER INDUSTRIES INC. a Delaware corporation (the "COMPANY"), the undersigned agrees that, as of the date written below, [HE][SHE][IT] shall become a party to that certain Registration Rights Agreement dated as of _____ __, 199_, as such agreement may have been amended from time to time (the "AGREEMENT"), among the Company and the persons named therein, and shall be fully bound by, and subject to, the covenants, terms and conditions of the Agreement as provided under Section 11.5 of the Agreement as though an original party thereto.

Executed as of the day of , .

SIGNATORY:_____

Address: _____
_____

ACKNOWLEDGED AND ACCEPTED:

CARPENTER INDUSTRIES INC.

By _____
Name:
Title:

EXHIBIT 99

[SPARTAN MOTORS' LOGO]

FOR IMMEDIATE RELEASE

CONTACT: Jeffrey Lambert
Spartan Motors, Inc.
517-543-6400 ext. 285

SPARTAN MOTORS ACQUIRES EQUITY STAKE IN SCHOOL BUS BUILDER CARPENTER INDUSTRIES

CHARLOTTE, Michigan, January 7, 1997 -- Custom chassis manufacturer Spartan Motors, Inc. (NASDAQ:SPAR) today announced an agreement to purchase a 33 percent equity interest in school bus body maker Carpenter Industries, Inc.

Charlotte, Mich.-based Spartan Motors said it is investing $10 million in privately-held Carpenter Industries in equal partnership with San Mateo, Calif.-based investment firm Recovery Equity Investors, Inc. (REI) and former sole owners Dr. Beurt SerVaas and SerVaas, Inc. The deal closed January 6, 1997.

"Acquiring a portion of Carpenter is both a sound investment and a strategic move to ensure Spartan's continued growth in the school bus market and successful entry into step van chassis," said John Sztykiel, Spartan Motors President and Chief Operating Officer. "The school bus market is unique as all of the major players either manufacture their own chassis or are aligned with a single chassis builder. By partnering with Carpenter and integrating the chassis and body design, we are making an

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investment in market share that will have an immediate and profitable impact on our chassis business."

Sztykiel added that the alliance with Carpenter increases Spartan's overall market potential by more then 130 percent, as the combined 70,000 unit school bus and step van markets easily surpass Spartan's total market share opportunities in motorhome, fire truck, transit bus and concrete

mixer chassis.

"Spartan Motors and the board of directors have been acquisition minded for some time, but we have been patient, and this patience has paid off," said Spartan Motors Chairman and Chief Executive Officer George Sztykiel. "Our alliance with Carpenter presents an exciting challenge for Spartan as we use our management experience and abilities to improve efficiencies, increase profitability and grow the businesses of both companies."

Terms of the acquisition agreement call for each ownership party to hold two of the six seats on the board of directors of Carpenter Industries. Spartan also expects to be involved in the day-to-day operations of Carpenter.

Spartan said its 33 percent stake in Richmond, Ind.-based Carpenter will be reflected as equity income on its income statement. Spartan expects Carpenter will be profitable in 1997, but will likely post a modest loss in the first half of 1997 as it completes a restructuring and production ramp-up.

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"Spartan and REI bring the necessary resources to ensure Carpenter can grow and build on its long history as a leader in the school bus business," said Carpenter President Timothy Durham. "Spartan's manufacturing and engineering expertise will also be invaluable as we ramp up our new Richmond facility to full production, work to increase our share of the school bus market, and seek out new growth such as the step van market."

Spartan emphasized that the acquisition agreement expressly restricts Carpenter from entering the mass transit or shuttle bus market and thus does not detract from Spartan's existing customers and business.

"We are not limiting Carpenter's growth. Instead, we recognize the opportunities in the combined 70,000 unit school bus and step van markets which should not be compromised to go after a piece of the smaller transit bus market," said John Sztykiel.

Sztykiel emphasized that step vans, which include parcel delivery

trucks, snack food delivery vehicles, tool trucks and others, represent a new market segment for both Carpenter and Spartan. Carpenter is launching its first step van product in January 1997, and expects to begin building its signature Crown Step Van on a Spartan chassis in the second half of 1997.

"The step van market offers a great deal of potential for Carpenter as we adapt the safety and driver comfort innovations pioneered by our school bus line into this new and dynamic market," said Robert Otto, Carpenter Executive Vice President and head of the Company's Step Van Division.

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"Integrating Spartan into the design, engineering and manufacturing stages will also be a big competitive advantage in terms of product innovations, cost efficiencies and ease of serviceability."

On the school bus side, Carpenter sold around 4,000 buses in 1996, of which only three percent were transit style or Type D school buses. Carpenter's Type D buses are the only models for which Spartan Motors currently builds chassis. However, the overall industry average for Type D buses as a percentage of manufacturers' total volume is 27 percent (of a total 36,000 unit market) and growing, offering Spartan a realistic growth opportunity for its chassis sales.

"Our investment in Carpenter ensures we have the necessary management and operations input to grow both Carpenter's share of the market and Spartan's chassis business," John Sztykiel said. "We are in a unique position to simultaneously grow our profits and sales, and strengthen the return on our investment through one strategic alliance."

Carpenter Industries, which sells its products through a nationwide network of 40 dealers, has historically captured 14 percent of the overall school bus market.

In December 1995, Carpenter moved its headquarters and manufacturing from Mitchell, Indiana to the former Wayne Corp. bus facility in Richmond. The new 565,000-square-foot plant accommodates more modern operations, while offering three times the capacity of the former Mitchell facility,

both of which support a more cost effective production process.

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Spartan Motors, Inc. is a leading manufacturer of custom chassis for motorhomes, fire trucks, transit buses, school buses, concrete mixers and other specialty vehicles. The Company entered the school bus chassis market with Carpenter in the second quarter 1995 with its Merqury Series front and rear engine transit style or Type D chassis.

The statements contained in this news release include certain predictions and projections that may be considered forward-looking statements by the securities laws. These statements involve a number of risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices, and actual results may differ materially.

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