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7 UNITED STATES BANKRUPTCY COURT
8 CENTRAL DISTRICT OF CALIFORNIA
9 LOS ANGELES DIVISION

10 In re
11 B.G.W. Systems, Inc., a California
12 corporation,

13 Debtor.

Case No. LA 03-32999 SB

Chapter 11

**DEBTOR'S MOTION FOR ORDER
AUTHORIZING SALE OF SUBSTANTIALLY
ALL PROPERTY OF THE ESTATE FREE
AND CLEAR OF LIENS, CLAIMS AND
ENCUMBRANCES AND AUTHORIZING
ASSIGNMENT OF CONTRACTS; SUBJECT
TO OVERBID; DECLARATION OF
BARBARA WACHNER IN SUPPORT
THEREOF**

[11 U.S.C. § 363(b), (f), 365(a), (f)]

Date: October 8, 2003
Time: 11:00 a.m.
Place: Courtroom 1575
Royal Federal Building
255 East Temple Street
Los Angeles, California

23 B.G.W. Systems, Inc. a California corporation, (hereinafter "BGW" or "Debtor") herein
24 moves the Court for an order authorizing the sale of substantially all assets of the estate free and
25 clear of liens, claims and encumbrances and authorizing the assignment of contracts as set forth
26 herein. The Debtor's motion is brought pursuant to 11 U.S.C. § 363(b) and (f) and § 365 (a) and
27 (f).
28

MOTION RE SALE OF ASSETS

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1 INTRODUCTION

2 On September 2, 2003, the Debtor filed its chapter 11 case. This is a "small business"
3 chapter 11 case. BGW was incorporated by the late Brian Gary Wachner in 1975. Substantially
4 all the BGW stock is owned by Barbara Wachner, the president and chief executive officer of the
5 company. The company has 21 employees and operates out of its 26,400 square foot facility
6 owned by Barbara Wachner at 13130 Yukon Avenue, Hawthorne, California. The Debtor's
7 complete design, manufacturing, assembly, repair, warehousing and sales operations are
8 maintained at the Yukon Avenue location.

9 BGW was a highly successful business engaged in the designing, manufacturing,
10 marketing and distribution of high quality electronic equipment. BGW's product line includes
11 audio power amplifiers for professional, industrial, commercial, theater and cinema markets, racks
12 and rack mount accessory products, self-powered subwoofer systems, rack mount computer
13 systems, in addition to custom and original equipment manufacturer ("OEM") specified products.

14 In July 1974, BGW Systems was chosen by Universal Studios to supply power amplifiers
15 for use in movie theaters worldwide. These amplifiers were an integral part of Universal's
16 Sensurround™ sound system featured in the movies "Earthquake," "Midway," and
17 "Rollercoaster." During that period, thousands of BGW models 750 and 750A's were purchased
18 by Universal. Most are still being used today in Universal Studios' theme parks. Also in the mid
19 1970's, the movie Saturday Night Fever sparked the disco boom. According to Billboard
20 Magazine, in 1978, more BGW amplifiers were used in discos than any other brand. Throughout
21 the years since, the company has engaged in extensive research and development bringing new
22 and more powerful amplifiers to the market. BGW's market share reached 15% of the overall
23 amplifier market based on BGW's reputation for producing the most rugged equipment available.
24 In 2002, the company introduced 4 new lines of power amp, the C Series, VX Series, X Series,
25 and GT Series. These products are the highest power BGW amplifiers in the company's history
26 and include computer control capability.

27 While BGW achieved great success in the professional amplifier market, the loss of Mr.
28 Wachner in 1997, combined with the market's migration toward less expensive and less durable

MOTION RE SALE OF ASSETS

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1 amplifiers, resulted in the business realizing an operating loss in 2000. This loss increased and
2 2002. The Debtor's historical operating results are attached hereto as Exhibit 2.

3 In 2001, the Debtor engaged in an extensive marketing effort to locate a strategic buyer for
4 its assets. A true and correct copy of the Debtor's sale memorandum is attached hereto as Exhibit
5 3. While interest was received, the events of September 11, 2001 and the overall financial market
6 decline contributed to the Debtor's inability to secure a buyer. Losses continued to mount and the
7 Debtor faces a variety of collection lawsuits at this time. The Debtor has approximately \$950,000
8 in unsecured creditor claims, consisting of \$150,000 in tax claims and \$800,000 in general
9 unsecured claims.

10 The Debtor does not have an extensive list of secured creditors. Pursuant to the UCC
11 search attached hereto as Exhibit 4, the Debtor's only secured creditors are Wilshire State Bank
12 ("WSB"), Barbara Wachner and a judgment lien held by Maas-Hansen Steel Corporation ("Maas-
13 Hansen"). WSB has filed a state court action against the Debtor to obtain a writ of possession for
14 its collateral. WSB is owed approximately \$60,000, Barbara Wachner \$1,000,000 and Maas-
15 Hansen \$1,000. The Debtor has been in contact with WSB regarding this chapter 11 case and
16 expects WSB's support in achieving the sale contemplated herein.

17 In the last month, the Debtor was able to finally secure bona fide and qualified interest in
18 its assets from a strategic buyer presently engaged in the consumer electronics market segment of
19 the amplifier industry. This buyer, Amplifier Technologies, Inc. ("ATI"), is owned by Morris
20 Kessler. Kessler's company, located in Montebello, California, is profitable and successful in the
21 consumer home theater electronics industry. ATI's website is located at www.ati-amp.com.

22 The Debtor has entered into several agreements with ATI in anticipation of a sale of all its
23 assets. ATI is willing to loan the Debtor \$50,000 on a super-priority secured basis (junior only to
24 WSB) in order to maintain the Debtor's business operations through an anticipated sale closing on
25 or before October 31, 2003. ATI has also entered into a proposed purchase agreement, subject to
26 Bankruptcy Court approval, in which ATI will pay \$206,800 plus the release of its post-petition
27 loan (for an effective purchase price of \$256,800) for all the Debtor's assets. While the ATI offer
28 is not substantial and does not return a distribution to unsecured creditors, it is the Debtor's only

MOTION RE SALE OF ASSETS

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1 opportunity to create a legitimate going concern auction sale for its assets. The Debtor is
2 optimistic that various parties that expressed a purchase interest since 2001 will become active
3 buyers in the context of an auction sale.

4 For all these reasons, the Debtor respectfully requests an order of the Court granting the
5 relief requested herein.

6 MEMORANDUM OF POINTS AND AUTHORITIES

7 I.

8 FACTS IN SUPPORT OF MOTION

9 The Debtor filed its chapter 11 case on September 2, 2003. The Debtor continues to
10 manage and operate its business as a debtor in possession. The Debtor is in the business of
11 designing, manufacturing, marketing and distributing high quality electronic equipment, including
12 audio power amplifiers for professional, industrial, commercial, theater and cinema markets, racks
13 and rack mount accessory products, self-powered subwoofer systems, rack mount computer
14 systems, in addition to custom and OEM specified products.

15 The Debtor is a "small business" debtor under Bankruptcy Code section 101(51C) in that
16 the Debtor has less than \$2,000,000 in total debt.

17 Debtor's Assets.

18 The Debtor's tangible assets consist of its furniture, fixtures and equipment ("FFE"),
19 finished inventory, work in process, parts and receivables. Intangible assets consist of the
20 Debtor's name and goodwill. As of the petition date, these assets have the following liquidation
21 values:

- 22 values:
23 1. FFE: \$22,000;
24 2. Finished inventory: \$60,000;
25 3. Work in process: \$10,000;
26 4. Parts: \$80,000;
27 5. Receivables: \$15,000;
28

MOTION RE SALE OF ASSETS

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6. Goodwill: Unknown.

The Debtor has estimated liquidation values at 20% of book value, except for finished inventory and receivables which are shown at 100% of book value. Since most parts and equipment are specialized manufacturing components, it is unlikely that any amount greater than 20% could be achieved for these assets in liquidation. Attached as Exhibit 8 is a true and correct listing of all FFE and inventory.

Debtor's Liabilities.

The Debtor's secured creditors are WSB, Barbara Wachner and Maas-Hansen. WSB is owed approximately \$60,000. Barbara Wachner is owed approximately \$1,000,000 and Maas-Hansen is owed \$1,000.

Priority unsecured claims consist of employee wage claims and taxes. Prepetition employee wage claims are listed on Exhibit 5 hereto and have been satisfied by the Court's granting of an Emergency Motion to pay such claims (excepting insider claims). Prepetition taxes to the Internal Revenue Service ("IRS") and Employment Development Department ("EDD") are approximately \$150,000 and consist primarily of unpaid withholding taxes. A small portion of the \$150,000 is owed to the State Board of Equalization ("SBE") for sales taxes and some is owed to the County of Los Angeles for property taxes.

General unsecured creditor claims consisting primarily of unpaid vendors are approximately \$800,000.

Debtor's Operations.

A true and correct summary of the Debtor's historical operating results are attached hereto as Exhibit 2. As the financial statements show, the Debtor started to lose money in 2000 and such losses have grown significantly to date. The Debtor cannot continue to operate and sustain these losses.

The Debtor only intends to operate through the date that the sale set herein is closed. The Debtor anticipates that this period will not take more than two (2) months. Thus, the Debtor's

operating budget, attached hereto as Exhibit 1, assumes a two (2) month operating period. Exhibit 1 also shows the results of continued operations on receivables, raw materials, work in process and finished goods levels. As these supporting schedules show, there will be no decline in these asset levels over the course of continued operations. As set forth in the Wachner Declaration, the budget is a true and correct projection of revenues and expenses based on current business information.

Prior Sale and Financing Efforts.

Since early 2000 BGW has hired 5 professional firms, non-exclusively, to aid in the sale of the company. In addition, Jeff Wachner (Barbara Wachner's son) the general manager of BGW, markets the company on a full time basis. These efforts resulted in well over 100 companies and/or individuals being contacted; 25 nondisclosure statements being executed; 6 oral offers; and 4 written offers to purchase the company. Of the written offers only the ATI offer included any cash components, as well as the preservation of a majority of the remaining employees. Attached hereto as Exhibit 3 is a true and correct copy of BGW's sale memorandum.

In the summer of 2002, Jeff Wachner attended an SBA event held at the Los Angeles Convention Center for the express purpose of obtaining financing. During this all day event, he met with 3 major banks including Wells Fargo and Bank of America, as well as several smaller banks. No one was willing to finance the business without credit enhancements such as personal guarantees. In addition BGW's primary bank, WSB, was asked for increased financing. These requests were denied. Thus, the ATI loan is the only available loan to maintain operations.

The ATI Agreements.

The Debtor has entered into the following agreements with ATI, subject to Bankruptcy Court approval:

1. Asset Purchase Agreement; Exhibit 6 hereto. Also included in Exhibit 6 are the terms by which Barbara Wachner will lease the 13130 Yukon Avenue premises to the buyer post-closing.

2. Promissory Note for \$50,000 loan; Security Agreement and Limited Guaranty by Barbara Wachner collectively attached as Exhibit 7 hereto.

There are no other agreements among the Debtor, its insiders and ATI other than as set forth above.

II.

BANKRUPTCY CODE § 363(b) AND (f) AUTHORIZES THE SALE FREE AND CLEAR TO ATI OR AN OVERBIDDER AND § 365 AUTHORIZES THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS

This motion is brought pursuant to 11 U.S.C. § 363(b) and (f). Sections 363(b) and (f) state as follows:

(b)(1) The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.

(f) The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if—

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(b) and (f).

Sales pursuant to section 363(b) may be authorized when the sale has a valid business justification and is proposed in good faith. In re 240 North Broad Partners, Ltd., 200 B.R. 653 (B.A.P. 9th Cir. 1996). Herein, the Debtor must sell its assets as it cannot continue to operate profitably. The Debtor would be compelled to terminate operations and be liquidated at fire sale returns without the benefit of the ATI sale, subject to overbid. The Debtor's sale proposal has ample business justification and is proposed in good faith.

Additionally, a sale free and clear is authorized based on creditor consent or the lack of value for the secured creditor's lien position. WSB shall be paid in full. Barbara Wachner consents to the sale. Maas-Hansen has no value for its lien position. Consequently, a sale free and clear is authorized pursuant to 11 U.S.C. section 363(f).

Finally, a listing of the Debtor's executory contracts is attached hereto as Exhibit 9. The Debtor proposes to assume and assign those contracts desired by ATI or such other bidder to such assignee. The Debtor will cure any and all defaults asserted by such non-debtor contracting party prior to assumption. Consequently, assumption and assignment is authorized by 11 U.S.C. section 365(a) and (f).

III.

THE ATI PROPOSED TERMS OF SALE

ATI's proposed Asset Purchase Agreement ("APA") is attached hereto as Exhibit 6. The Debtor shall sell its assets to ATI pursuant to the APA unless another bona fide higher and better offer is received for the Debtor's assets at the hearing on this motion. Any such overbid must be at least \$280,000 and bidding shall proceed in \$5,000 increments. Any bidder interested in bidding must qualify by delivering to Debtor's counsel a deposit, before the sale, in the form of a cashier's check in the amount of \$50,000.

In the event no qualified overbids are received, the Debtor requests that the Court approve the ATI APA and authorize the Debtor to close such sale.

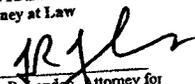
IV.

CONCLUSION

Based on all the foregoing, the Court should grant the Debtor's Motion and authorize the sale and assignment subject to overbid. The Debtor respectfully requests such further and other relief as the Court deems just and proper under the circumstances.

Dated: September 12, 2003

Lewis R. Landau
Attorney at Law

By: 
Lewis R. Landau, Attorney for
B.G.W. Systems, Inc.

This Asset Purchase Agreement (this "Agreement") is made and entered into as of this 29th day of August 2003, by and among an entity named AMPLIFIER TECHNOLOGIES, INC., a California Corporation referred to as the ("Purchaser"), B.G.W. SYSTEMS, INC., a California Corporation ("Seller" or "Debtor").

RECITALS:

WHEREAS, Seller is engaged in the operation of a commercial amplifier manufacturer called "BGW" (the "Seller's Business") from Seller's place of business at 13130 Yukon Ave, Hawthorne, CA 90250 (the "Seller's Premises").

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to buy from Seller certain of Seller's assets used in or related to the Seller's Business, according to the terms set forth herein.

WHEREAS, to assist in the transition of the Seller's Business from the Seller to the Purchaser and to provide Purchaser with the full value of the Purchased Assets, Seller's two (2) principals, Barbara Wachner and Jeff Wachner, agree not to compete with Purchaser's operation of the Seller's Business, all according to the terms set forth herein.

NOW, THEREFORE, in consideration of the promises and the agreements, representations and warranties hereafter set forth, and for good and valuable considerations, the receipt and adequacy of which is hereby acknowledged. Seller and Purchaser agree as follows:

PURCHASE AND SALE

1.1 Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement, Seller hereby agrees to sell, assign, convey, transfer and deliver to Purchaser, and Purchaser hereby agrees to buy from Seller, free and clear of all Liens (as defined in Section 5.3 hereof), all of Seller's right, title and interest in and to all of Seller's properties and assets used in or relating to the Seller's Business of every kind and nature, real, personal or mixed, tangible or intangible, wherever located including, without limitation, all of Seller's furniture, fixtures, equipment whether affixed to the real property or not, inventory, accounts receivable, customer deposits, Contracts (defined in Section 5.4), goodwill and rights to use the name "BGW," and all trademarks whether issued or applied for, trade names, service marks, logos, domain names, d/b/a's or other similar names or marks and all Intellectual Property, all Licenses and all Seller Confidential Information (defined in Section 8.4), used in connection with the Seller's Business (referred to collectively as the "Purchased Assets") including, but not limited to, those assets listed on Schedule 1.1, but excluding those properties and assets of Seller listed on Schedule 2.1.

1.2 Assumption of Certain Contracts. Purchaser shall have the right to direct the Seller, Debtor or Debtor in Possession to assume and assign to Purchaser all or any portion of the Contracts but, unless Purchaser specifically agrees to accept a specific Contract in writing, Purchaser shall assume no obligations whatsoever under that Contract.

SECTION 2

EXCLUDED ASSETS AND EXCLUDED LIABILITIES

2.1 Excluded Assets. The following assets are specifically excluded from the Sale: (A) Any rights with respect to causes of action per 11 USC §544-549; (B) Seller's shares of stock, minute book and related records; and (C) documents required to be maintained by law.

2.2 Assumption of Obligations. Except for any Contract assumed by the Purchaser in writing pursuant to Section 1.2, Purchaser does not assume, does not agree to assume, and is not liable for, any liability or obligation of Seller of any nature whatsoever, direct or indirect, known or unknown, absolute or contingent, notwithstanding any implication to the contrary, including but not limited to the following: (A) any obligations of Seller which relate to the Purchased Assets or other assets of the Seller; (B) any federal, state, county or local income, excise,

SECTION 3

CLOSING

3.1 Closing. The consummation of the Contemplated Transactions (the "Closing") shall take place upon entry of an order on the docket by the United States Bankruptcy Court of the Seller/Debtor's Motion To Approve Sale of Substantially All The Debtors Assets Free And Clear Of Liens, Claims And Encumbrances Pursuant to 11U.S.C. §363(f) (hereinafter "Motion") which Order shall among other things approve the terms and conditions contained in the within agreement but in no event shall the sale close after October 31, 2003, or at such other time and place as the parties may agree in writing (the "Closing Date").

3.2 Closing Deliveries of Seller/Closing Conditions. If not delivered or satisfied on or before the Closing the Seller will deliver the following:

3.2.1 Bill of Sale. Seller will deliver to Purchaser a Bill of Sale in the form as attached hereto and made a part hereof as Exhibit 3.2.1.

3.2.2 Assignment and Assumption Agreements. Seller will deliver to Purchaser the Intellectual Property Assignment and Assumption Agreement in the form as attached hereto and made a part hereof as Exhibit 3.2.2. (the "Assignment and Assumption Agreements")

3.2.3 Other items relating to the Seller's Business. Seller will deliver to Purchaser all Seller's Contracts including any executed consent required to assign such contracts to Purchaser, books, records, customer and vendor lists or information, any documents requested by Purchaser pursuant to Section 10.1 and other data and tangible property relating to the Purchased Assets and the Seller's Business (except Seller's minute and stock books and all other records which Seller is required by law to keep in its possession, as to which Seller will furnish to Purchaser, at Purchaser's cost, at any time or from time to time after the Closing Date, copies or transcripts).

3.2.4 Certificates of Title. Certificates of title for all Purchased Assets that are identified by titles, duly endorsed for transfer to Purchaser as of the Closing Date.

3.2.5 UCC Termination Statements. Any UCC termination filings that are

withholding, property, sales, use, franchise or any other taxes of Seller; (C) any costs and expenses incurred by Seller incident to its negotiation and preparation of this Agreement and the consummation of the transactions contemplated herein (the "Contemplated Transactions"); (D) any claim or liability the existence of which would constitute the breach of any of the representations and warranties of Seller under this Agreement; (E) any liability for breach of contract, wrongful termination, employment discrimination, any claim under applicable occupational, safety and health and workers compensation laws, unfair labor practice, tort or any other employment related claim in connection with the operation of the Seller's Business; (F) any liability under any insurance, pension, deferred compensation or any other employee benefit plan including any claim or liability regarding any contribution to any such plan; (G) any tax liability of Seller resulting from the transactions contemplated herein, including, without limitation, any recapture by Seller of investment tax credit or depreciation; (H) any trade or other payable of Seller; (I) any violations of any federal, state or local laws by Seller including but not limited to OSHA, EPA and the EEOC; (J) any liability which may also be imposed on Purchaser under applicable law by virtue of "successorship," "de facto merger," "mere continuation" or other, similar principles of law; and (K) any accounts payable of Seller (each of Sections 2.2 (A) through (K) are referred to herein as a "Seller Liability" and collectively, the "Seller's Liabilities"). All Seller's Liabilities shall remain solely with Seller and shall not, under any circumstances, ever be a liability of Purchaser.

2.3 Liability for Transfer Taxes.

2.3.1 Seller shall be responsible for, and shall pay in a timely manner, all sales, use, value added, documentary, stamp, registration, conveyance, excise, recording, license and other similar taxes and fees, including without limitation any goods and service taxes (collectively, the "Transfer Taxes") arising out of or in connection with or attributable to this Agreement or the Contemplated Transactions. Seller shall prepare and timely file all tax returns required to be filed with respect to Transfer Taxes that are required under applicable laws, provided, that Seller's preparation of such tax returns shall be subject to Purchaser's approval, which approval shall not be unreasonably withheld, conditioned or delayed.

2.3.2 Buyer shall be responsible for and shall pay all Transfer Taxes to a maximum of \$2,000. Nothing herein shall prevent Buyer or Seller from seeking exemption from payment of any such Transfer Taxes as an occasional sale, or otherwise.

necessary for Seller to be able to transfer to Purchaser the Purchased Assets free and clear of any and all Liens. This includes but is not limited to the lien of Barbara Wachner and Wilshire State Bank.

3.2.6 Additional Closing Conditions. Purchaser's obligation to consummate the Closing is subject to the following conditions:

A. Order of the United States Bankruptcy Court with proper jurisdiction, approving the Motion and sale of the Debtor's assets free and clear of liens, claims and encumbrances.

B. The Seller shall having performed in all material respects all obligations required by this Agreement to be performed by Seller on or before the Closing Date.

C. All approvals and consents, and the written consents of all parties to all Contracts, if any, which Purchaser has identified as Contracts which Purchaser desires to assume have been obtained.

D. Purchaser and Barbara Wachner, owner of the Seller's Premises entering into a new six (6) month lease with two (2) three (3) month options for Seller's Premises at terms reasonably acceptable to Purchaser which includes an environmental indemnification from Landlord.

E. The existing Lease of the Seller's premises between Seller and Barbara Wachner being terminated and deemed rejected upon entry on the docket of the Bankruptcy Court's Order granting of the Motion.

F. Purchaser shall have received a Closing Certificate from the President of Seller dated the Closing Date confirming that all conditions are forth in this Section 3.2.9 have been met

G. Seller is filing a Chapter 11 bankruptcy and except for such filing, since the Representation Date there shall have been no event or circumstance or series of events or circumstances that have caused or could reasonably be expected to cause a Material Adverse Effect (meaning any and all material adverse change(s) in, or material adverse effect(s) on, the assets, contracts, financial condition, business or operations) on the Purchased Assets or Seller's Business.

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REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF SELLER

As an inducement to Purchaser to enter into this Agreement and to consummate the Contemplated Transactions, Seller represents and warrants to Purchaser, and agrees as follows:

5.1 Organization of Seller. Seller is a California corporation duly organized, validly existing and in good standing under the laws of the State of California. Seller is not authorized or qualified to do business and the Seller's Business does not require the Seller to be authorized or qualified to do business in any state or other jurisdiction other than the State of California. Seller has the full power and authority to own its properties and assets and to carry out the Seller's Business as now being conducted. The individuals executing on behalf of Seller own all of the issued and outstanding shares of Seller. No person or entity has any right, agreement or arrangement to acquire any ownership interest or other security of the Seller.

5.2 Authority.

5.2.1 Prior to the Closing Date, Seller will obtain the full right, power, capacity and authority to enter into this Agreement, to consummate the Contemplated Transactions and to comply with the terms, conditions and provisions of this Agreement via an entered order of the United States Bankruptcy Court approving the Motion and the within Contemplated Transaction.

5.2.2 The execution, delivery and performance of this Agreement and the consummation of the Contemplated Transactions or compliance with or fulfillment of the terms and provisions of this Agreement or of any other agreement or instrument contemplated by this Agreement, does not and will not conflict with or result in a breach of any contract, agreement or judgment, order or rule, law, or regulation of any governmental authority to which Seller is a party or which may affect Seller, except as effected by the filing of bankruptcy by Seller.

5.2.3 Seller is not subject to any order, writ, award, judgment, decree or determination, and Seller is not bound by any mortgage, trust, lease, governmental or other license, permit or other authorization, contract, agreement, note or other instrument or restriction which could conflict with or prevent the execution, delivery or performance of this Agreement or the consummation of the Contemplated Transactions or compliance with the terms, conditions or provisions hereof.

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3.3 Closing Deliveries of Purchaser. Purchaser will deliver to Seller at the Closing the following:

3.3.1 Purchase Price. Upon the execution of this Agreement, the Seller's filing of a Chapter 11 Bankruptcy petition in the Central District of California, and the Court approving the Motion and upon completion of all closing conditions, Purchaser will pay Debtor and Debtor In Possession, or other entity the Court designates, Two Hundred Six Thousand Eight Hundred Dollars (\$206,800), representing the Purchase Price and in addition Purchaser shall forgive its post-petition loan to the Debtor and Debtor In Possession.

3.3.2 Assignment and Assumption Agreement. Purchaser will deliver to Seller the Assignment and Assumption Agreements in the form as attached hereto and made a part hereof as Exhibit 3.2.2.

SECTION 4

PURCHASE PRICE

4.1 Purchase Price. The Purchase Price hereunder is the sum of Two Hundred Six Thousand Eight Hundred Dollars (\$206,800) (the "Purchase Price"), in full consideration of acquisition by the Purchaser of the Purchased Assets, and all other obligations, agreements and undertakings of the Seller as set forth in this Agreement. Thus by executing this agreement, the undersigned President of the Seller, Barbara Wachner, personally hereby agrees to reduce her secured loan to the Seller Corporation, Debtor and Debtor In Possession by a sufficient amount such that Purchaser pays not more than \$206,800 to purchase the assets free and clear of all liens, claims and encumbrances including, but not limited to, that of Wilshire State Bank.

4.2 Allocation of Purchase Price. The Purchase Price shall be allocated as Purchaser determines to be appropriate in Purchaser's sole discretion. The parties hereto agree to report this transaction for all tax purposes in accordance with such allocation of the Purchase Price.

SECTION 5

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5.2.4 This Agreement, including any other agreement or instrument contemplated hereby, has been duly executed and delivered by Seller, and is the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its respective terms.

5.3 Title to and Condition of Assets. Seller upon closing shall have obtained an Order of the United States Bankruptcy Court entered on the docket approving the Motion and selling to Purchaser good and marketable title to the Purchased Assets free and clear of any and all Liens, claims and encumbrances pursuant to 11U.S.C. §363(f). For purposes of this Agreement, a "Lien" shall mean any lien, security interest, mortgage, license, pledge, conditional sales contract, lease, judgment, court order or other similar restriction upon all or any part of the Purchased Assets. Each item of furniture, fixtures and equipment being purchased by Purchaser hereunder is, and on the Closing Date will be, in the same condition as existed on the Representation Date, and, based on this representation, is being sold and transferred as is. All inventory being purchased by Purchaser hereunder is merchantable and will be of good and usable quality for sale or use by Purchaser in the Seller's Business. All inventories acquired or produced by the Seller have been acquired or produced in the ordinary course of its business in quantities that are not materially greater or less than those required for the current operation of Seller's Business. Any warranties applicable to any of the Purchased Assets are listed on Schedule 5.3. Seller further represents that it

5.4 Contracts. Schedule 5.4 hereto contains a complete list and description of all contracts, oral or written, to which Seller is a party, which pertain to the Seller's Business or the Purchased Assets or to which the Purchased Assets are subject (collectively the "Contracts"). The Contracts are legal, valid and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their respective terms. The consummation of the Contemplated Transactions will not give rise to any right to cancel, terminate or amend any Contract, in part or in whole

5.5 Financial Statements. Seller will make its financial statements for the periods ending 2001, 2002 and 6/2003 reasonably available to Purchaser as an accommodation to Purchaser. Purchaser's approval of said statements is not required as a condition or contingency of this agreement.

5.6 Trade Names/Intellectual Property. Seller has the unencumbered right, free of restriction, to use all intellectual property owned by it and/or used in the Seller's Business, including but not limited to the name BGW and any derivation thereof, the domain name and the telephone number(s) (collectively, the "Intellectual Property"). An Intellectual Property Assignment and Assumption Agreement covering any

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existing or applied for patents, trademarks, service marks, copyrights, state, federal, or common law, or other intellectual property associated with the Seller's Business or the Purchased Assets, will be delivered by Seller in the form of Exhibit 3.2.2. Purchaser understands that an unauthorized entity other than Seller holds the BGW Trademark in China.

5.7 Compliance with Laws. Seller has, in conducting Seller's Business, complied with all applicable federal, state and local, statutes, laws, regulations, ordinances, rules, judgments, orders or decrees applicable thereto. All licenses, franchises, permits and other governmental authorizations (collectively, the "Licenses") held by Seller in the conduct of the Seller's Business are included in this sale and shall be and he are assigned to Purchaser to the extent so authorized by the bankruptcy court. Seller will use reasonable efforts to obtain all written consents or approval for the assignment of any licenses requested by Purchaser at Purchaser's sole cost and expense. A License Assignment and Assumption Agreement in the form of Exhibit 3.2.2 will be delivered by the Seller covering any Licenses.

5.8 Taxes. The within Sale shall be pursuant to an Order of the United States Bankruptcy Court approving the sale of the Purchased Assets free and clear of all liens including Taxes. For purposes of this Agreement, "Taxes" shall mean all federal, state, country, city, municipal, local, foreign or other governmental taxes (including levies, assessments and charges, liens, claims or encumbrances upon or relating to such Taxes) relating to: (A) Seller's employees, payroll, income, sales or gross receipts; (B) Seller's ownership or use of any of its assets; or (C) any other aspect of Seller's Business or the Purchased Assets, in each case including any and all interest and penalties. Seller has not executed any waiver, assessment or other document extending or having the effect of extending any statute of limitations or contested the assessment or collection of any Taxes on or affecting the Seller's Business or the Purchased Assets. Other than taxes legitimately incurred in the operation of the Business post-petition, the DIP Financing Account shall not be used to pay any taxes.

5.9 Litigation. There are no lawsuits, proceedings or investigations, including any court or foreign, federal, state or municipal, governmental departments, commission, agency or instrumentality or any third party pending or, to Seller's knowledge, threatened against or involving Seller, or any of its properties or assets, other than routine collection actions that may have an adverse effect on the Seller's Business or the Purchased Assets, or any circumstances which should or could reasonably form the basis of any such lawsuit, proceeding or investigations.

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without the specific written consent of Purchaser; and (F) shall not commit to purchase goods, materials, inventory or equipment without the specific written consent of Purchaser.

5.14 Validity of Purchased Assets. As a condition to Closing, Purchaser reserves the right to confirm that the Purchased Assets (including the raw inventory, work in process and finished goods) have been utilized from the date of the execution of this Purchase Agreement through the Closing, only in a commercially reasonable manner consistent with the obligations of the Seller to conduct the Seller's Business in the manner set forth in Section 5.13.

5.15 Non-Competition Agreement. The Seller and its principals any time after the completion of the within contemplated sale, Barbara Wachner and Jeff Wachner, may compete in the same industry as Seller provided they execute for the benefit of Purchaser, a Non-Compete agreement separate from this document. The material terms of such an agreement are that: (1) in no event shall the principals use any variation of Seller's name, trademark names or dba's (doing business as); (2) Seller's principals shall not attempt or in fact purchase the rights to any such names, trademark names or dba's in or outside the United States of America; (3) Seller's principals shall not use or base any of their products on any of Seller's designs, whether such item is new, currently in production, or planned for any products, replacement parts or units, new, discontinued or not yet completed; (4) Seller's principals shall not utilize or copy any trade secrets, intellectual property, licenses or client lists of Seller; and (5) Seller's principals shall not hire any of Seller's engineers for a period of at least two years from the date Purchaser purchases substantially all the assets of the Seller.

SECTION 6

REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Seller to enter into this Agreement and to consummate the Contemplated Transactions, Purchaser hereby represents and warrants to Seller and agrees as follows:

6.1 Organization of Purchaser. Purchaser is a corporation or other entity duly organized, validly existing and in good standing under the laws of the State of California. Purchaser has the full power and authority to own its properties and assets and to carry out its business as now being conducted.

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5.10 Vendors and Customers. As of the date hereof, no customer (which individually accounted for more than 25% of Seller's gross revenues during the 12 month period preceding the Closing thereof) except as specifically disclosed, specifically 3M Corporation and no vendor of Seller (which individually accounted for more than 25% of Seller's purchases during the 12 month period preceding the Closing), has canceled or otherwise terminated, or made any written threat to Seller to cancel or otherwise terminate its relationship with Seller or has at any time on or after the Balance Sheet Date, decreased materially its services or products provided to Seller in the case of any such vendor, or its acquisition or usage of the services or products of Seller in the case of such customer. To Seller's knowledge, no such vendor or customer has indicated either orally or in writing that it will cancel or otherwise terminate its relationship with Seller or decrease materially its services or products supplied to Seller or its acquisition or usage of the services or products of Seller, as the case may be. Seller has not knowingly breached any agreement with, or engaged in any unlawful, fraudulent or unprofessional conduct with respect to, any customer or supplier of Seller.

5.11 No Omission of Necessary Assets. Seller has not omitted from the Purchased Assets any asset or rights owned by Seller or any third party, which asset or right is used in conducting the Seller's Business or the Purchased Assets and which Seller knows or reasonably believes to be necessary for Purchaser's operation and maintenance (consistent with the Seller's past practices) of the Purchased Assets.

5.12 Accuracy. No representation or warranty by Seller contained in this Agreement, or any document furnished or to be furnished pursuant to this Agreement by Seller contains or shall contain any untrue statement of a material fact or omits or shall omit to state any material fact which is required to make the statements herein or therein not misleading.

5.13 Conduct of Seller's Business. Seller represents and warrants that, from the period of time immediately preceding the Representation Date, through the Closing Date, the Seller: (A) has operated, and will continue to operate, Seller's Business only in the ordinary course; (B) has used, and will continue to use, commercially reasonable efforts to preserve intact the organization of the Seller's Business and the Purchased Assets; (C) has continued, and will continue, in full force and effect through the Closing all existing policies of insurance and similar policies of or relating to the Seller's Business and the Purchased Assets; (D) has used, and will continue to use commercially reasonable efforts to preserve Seller's relationships with its suppliers, customers, licensors and licensees and other having business relationships with the Seller; (E) shall not accept an advance deposit from a client

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6.2 Authority.

6.2.1 Purchaser has the full right, power, capacity and authority to enter into this Agreement, to consummate the Contemplated Transactions and to comply with the terms, conditions and provisions hereof including the filing of a Chapter 11 Bankruptcy Petition in the United States Bankruptcy Court for the Central District of California. The execution, delivery and performance of this Agreement by Purchaser has been or will be duly authorized and approved by all requisite actions.

6.2.2 The execution, delivery and performance of this Agreement and the consummation of the Contemplated Transactions or compliance with or fulfillment of the terms and provisions hereof or of any other agreement or instrument contemplated hereby, does not and will not conflict with or result in a breach of any agreement to which Purchaser is a party.

6.2.3 Purchaser is not subject to any order, writ, award, judgment, decree or determination nor a party to nor bound by any deed of trust, mortgage, trust, lease, governmental or other license, permit or other authorization, contract, agreement, note or other instrument or restriction which could conflict with or prevent the execution, delivery or performance of this Agreement or the consummation of the Contemplated Transactions or compliance with the terms, conditions or provisions hereof.

6.2.4 This Agreement has been duly executed and delivered by Purchaser, and is the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its respective terms.

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INDEMNIFICATION SURVIVAL OF REPRESENTATIONS, RIGHT OF OFFSET

7.1 Indemnification by Seller. Seller agrees to indemnify, defend and hold Purchaser harmless from any and all liabilities, losses, diminution in value claims, judgments, damages, expenses and costs (including, without limitation, reasonable attorneys', accounting, and expert fees legal costs and expenses) (collectively the "Losses"), which Purchaser may suffer or incur by reason of (A) the breach or inaccuracy of any of the representations and warranties of Seller contained in this Agreement or in any document or instrument delivered pursuant to this Agreement; (B) the breach by Seller of any of the covenants or agreements made by them herein; (C) any claims, liabilities or obligations arising out of Seller's use, ownership or operation of the Purchased Assets or conduct of the Seller's Business prior to the Closing Date; and (D) any claims, liabilities or obligations arising out of any Seller's Liability.

7.2 Indemnification by Purchaser. Purchaser agrees to indemnify and hold Seller and Seller harmless from any and all Losses which an indemnified Party may suffer or incur by reason of, (A) the breach or inaccuracy of any of the representations or warranties of Purchaser contained in this Agreement or in any document or instrument delivered pursuant to this Agreement; (B) the breach by Purchaser of any of the covenants or agreements made by it herein; (C) any claims, liabilities or obligations arising after the Closing Date and arising solely out of Purchaser's use, ownership or operation of the Purchased Assets.

7.3 Survival of Representations. The representations, warranties, agreements and indemnification obligations of each of the parties contained in this Agreement and in any schedules or certificates delivered pursuant hereto, shall survive the consummation of the Contemplated Transactions for a period equal to the applicable statute of limitations. Such representations, warranties, agreements and indemnification obligations shall not be affected or deemed waived by reason of the fact that an Indemnified Party knew that the same are or may be inaccurate.

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Section 8 could cause irreparable damage to the Purchaser. As a result, among other relief, the Seller agrees that Purchaser shall have the right to seek immediate injunctive relief for the violation of any provision of this Section 8, that Purchaser need not show irreparable harm in order to obtain such relief, such harm having been acknowledged by the parties hereto, and that Purchaser shall not be required to post a bond or other security in order to obtain such relief.

8.7 Expenses and Fees. Except as set forth below, each party will be responsible for the payment of its own costs and expenses (including, without limitation, professional fees of its attorneys, accountants and other advisors) in connection with the transactions contemplated herein.

8.8 Fees Due Purchaser Upon Breakup of Sale. In the event that Debtor or its respective employees, officers, directors or representatives shall violate the provision of Section 8.9, or enter into any other agreement with any person or entity concerning the merger, purchase or sale of material assets or shares of stock, consolidation, reorganization, business combination, or similar transaction (other than the transactions contemplated herein with Purchaser) (a "Transaction") then (a) Debtor shall pay to Purchaser its actual fees, costs and expenses incurred in connection with the investigation, negotiation, structuring and financing of the transactions contemplated hereby (including legal, accounting, consulting, environmental auditing, and financial advisory fees) (the "Expenses") such actual Expenses not to exceed \$40,000 and (b) if a plan for Debtor is confirmed for the sale, transfer or disposition of substantially all of Debtor's assets, or if a material part of the assets of Debtor are otherwise sold, transferred, conveyed, assigned or disposed of, or if Debtor enters into an agreement for a Transaction other than with Purchaser, then Debtor shall pay to Purchaser a breakup fee of \$25,000 (the "Fee"), such Fee and Expenses to be paid directly from the sales proceeds. In addition, all post-petition obligations of Seller/Debtor and Debtor In Possession to Purchaser/Lender shall be immediately due and payable out of the proceeds of the sale of Sellers assets to a party other than Purchaser.

8.9 Confidentiality, Publicity. Pending the approval of the within Purchase Agreement, the parties shall each, except as and to the extent otherwise required by law or upon advice of counsel, maintain strict confidentiality with respect to all confidential information delivered to such party pursuant hereto, and with respect to the existence of negotiations with respect to the transactions contemplated herein. In addition, neither party shall issue any press release or make any other public announcement regarding the transactions contemplated herein without the prior written approval of the other party in each instance, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Purchaser

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OTHER AGREEMENTS

8.1 Further Acknowledgements of Seller. Seller acknowledges that it was encouraged to consult with, and has had the opportunity to consult with, counsel of its own choosing, and to ask questions in regard to this Agreement and that the covenants contained in this Agreement have been freely and willingly made. Seller acknowledges that the terms and conditions delineated in this Agreement are necessary to protect a legitimate business interest of the Purchaser and that Purchaser would not have entered into this Agreement unless this Section 8 was included. Accordingly, should a court or similar body of competent jurisdiction determine that any part of this Agreement is invalid, such provision shall be amended as may be necessary to make such provision valid and enforceable, and Seller agrees that such provision shall be valid, binding and enforced as amended as though any invalid or unenforceable provision had not been included herein.

8.2 Time Period. The period of time applicable to the covenants in this Section 8 will be extended by the duration of any violation by Seller of such covenant.

8.3 Seller Information. Seller agrees that information with regard to the Seller's Business, operations, customers, vendors and assets (including the Purchased Assets) is critical information that will be of significant importance to the Purchaser in enabling the Purchaser to commence its own similar, but distinct, business operations through the use of the Purchased Assets (the "Seller Information"). In partial consideration for the payment of the Purchase Price and for the Purchaser undertaking the Contemplated Transactions, the Seller represents, warrants, covenants and agrees that it is its intention to convey to the Purchaser all such Seller Information and, by the execution of this Agreement, Seller Information hereby is sold, conveyed and transferred to the Purchaser free and clear of all Liens.

8.4 Broad Interpretation of Confidential Information. Intentionally Left Blank

8.5 Use of Seller Name. Seller's principals, including but not limited to Jeff Wachner and Barbara Wachner represent and warrant that they will not, from and after the Closing Date, conduct business under the name BGW or any of the other names or styles under which Seller has conducted business prior to the Closing, all as set forth in section 5.6.

8.6 Injunctive Relief. The parties to this Agreement acknowledge that a violation, threatened violation, or attempted violation by the Seller of the provisions of this

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understands that publication of notice of the sale is a necessary component of Bankruptcy Court approval of the Motion, and such activities are authorized.

8.10 Non-solicitation/Exclusivity. Except as otherwise required by law or the Bankruptcy Court, notwithstanding the provisions of Section 8.11 below, commencing upon the date of execution of this Purchase Agreement by Seller, Seller agrees that it will not (and will not permit any of its officers, directors or affiliates to) solicit any commitments, agreements or understandings with any person, firm or corporation (other than the Purchaser) in respect of any sale or disposition in any manner of the assets or business (or any material portion thereof) of the Debtor or any other transaction which would frustrate the intent hereof. In the event that Debtor is contacted by another potential purchaser of a material portion of either entity's assets or receive any unsolicited proposal (whether oral or written), Debtor shall immediately notify Purchaser of the substance of any unsolicited proposal or of any discussions or negotiations.

8.11 Court Approval. This agreement is subject to the approval of the Court, after notice and a hearing. Seller/Debtor shall file an application with the Court seeking approval of Sections 8.8, 8.9 and 8.10 of this letter (the "Approval Application") within ten (10) business days after the execution of this Agreement by Purchaser and Seller/Debtor. The Approval Application and the proposed order approving Sections 8.8, 8.9 and 8.10 (the "Approval Order") shall be in form and substance reasonably satisfactory to counsel for Purchaser. Notice of the Approval Application shall be given to all parties as required by law and shall conform with the procedures and orders of the Bankruptcy Court. Seller/Debtor shall use its best efforts to prosecute the Approval Application and obtain and entered Order of the United States Bankruptcy Court approving the Motion.

SECTION 9

GENERAL PROVISIONS

9.1 Further Assurances. Seller agrees to execute and deliver to Purchaser such other instruments of conveyance and transfer and such other documents as Purchaser may reasonably request or as may be otherwise necessary to more effectively convey and transfer to, and vest in, Purchaser and to put Purchaser in possession of, the Purchased Assets and each part thereof. Seller agrees, in the case of Licenses, certificates, approvals, authorizations, agreements, Contracts, leases, easements and other commitments included in the Purchased Assets: (A) which cannot be transferred or assigned effectively without the consent of third

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parties and which consent has not been obtained prior to the Closing Date, to cooperate with Purchaser at Purchaser's request in endeavoring to obtain such consent promptly and if any such consent is not obtained, to use its, his or her best efforts to secure to Purchaser the benefits thereof in some other manner; or (B) which are otherwise not transferable or assignable, to use its, his or her best efforts jointly with Purchaser to secure to Purchaser the benefits thereof in some other manner (including the exercise of the rights of Seller thereunder). Any payments received by Seller to which Purchaser is entitled pursuant to the terms of this Agreement, will be held in trust by Seller, as applicable, for the benefit of the Purchaser and will be promptly delivered to Purchaser. Any payments received by Purchaser to which Seller is entitled pursuant to the terms of this Agreement, will be held in trust by the Purchaser for the benefit of the Seller and will promptly be delivered to Seller.

9.2 Notices. To be effective, all notices and other communications under this Agreement shall be in writing and sent to the intended recipient at the address set forth below: (A) by personal delivery; (B) by registered or certified mail, return receipt requested; or (C) by nationally recognized overnight courier, at such party's address set forth below. Each party may change its address for receipt of notice by giving notice of such change to each of the other parties pursuant to this Section 9.2. Notice will be deemed given: (i) immediately upon personal delivery; (ii) three (3) business days following the date on which such notice is mailed in accordance with this Section 9.2; or (iii) the next business following the date on which such notice is sent by overnight courier in accordance with this Section 9.2.

If to Purchaser: Mr. Morris Kessler
Amplifier Technologies, Inc.
1749 Chapin Rd
Montebello, CA 90640

With a copy to: Robert L. Cohen, Esq.
Law Offices Of Robert L. Cohen
8081 Orangethorpe Ave.
Buena Park, CA, 90621

David Gould, Esq.
McDermott, Will & Emery
2049 Century Park East, 34th Floor
Los Angeles, CA 90067

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If to Seller/Debtor: Ms. Barbara Wachner
B.G.W. SYSTEMS, INC.

13130 Yukon Ave
Hawthorne, CA 90250

With a copy to: Lewis R. Landau, Esq.
Attorney at Law
23564 Calabasas Road, Suite 104
Calabasas, CA 91302
Voice and Fax: (888) 822-4340

9.3 Expenses. Each party hereto will pay all costs and expenses incident to its, his or her negotiation and preparation of this Agreement and to their performance and compliance with all agreements contained herein on its part to be performed, including the fees, expenses and disbursements of its counsel and accountants. However, in the event that an overbid for the purchase of the Debtor/Seller over that of Purchaser, Purchaser shall be entitled to it Fees and Expenses as stated in Paragraph 8.8 infra.

9.4 Governing Law, Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The parties agree that any dispute arising out of this Agreement shall be determined by a court of competent jurisdiction located in Los Angeles County, California.

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9.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns.

9.7 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original counterpart, and shall become a binding agreement when Purchaser and Seller shall have each executed one counterpart and delivered it to the other party hereto.

9.8 Entire Agreement, Amendments and Waivers. This Agreement, together with those documents required to be delivered hereby, contains the entire

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agreement and understanding of the parties hereto with regard to the subject matter contained herein. The term "Agreement" as used in this document constitutes this document, all Exhibits, Schedules and attachments, and all other documents contemplated hereby as necessary or appropriate to complete the Contemplated Transactions. This Agreement may be amended, modified or supplemented only by a writing signed by the party against whom enforcement is charged. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, or in any way to affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach. Any waiver of this Agreement must be in writing and executed by the party against whom such waiver is sought to be enforced.

9.9 Brokers' and Finders' Fees. Each party represents and warrants to the other that it, he or she has not incurred, and shall not incur, any liability for brokers' or finders' fees or agents' commissions in connection with this Agreement or the transactions contemplated hereby.

9.10 Third Party Beneficiaries. Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person or entity other than the parties hereto.

9.11 Negotiated Agreement. This Agreement and the documents to be executed pursuant to this Agreement are the result of negotiations between Seller and Purchaser. Accordingly, none of the foregoing parties shall be deemed to be the author of this Agreement or the resulting documents, and there shall be no presumption that this Agreement or any of such documents are to be construed for or against any such party on the basis of the authorship of the documents.

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9.12 Rules of Construction. Unless the context otherwise requires: (A) a term has the meaning assigned to it; (B) references to the singular or to "him," "her," "it," or "their," or other like references, and references in the plural or the masculine or feminine reference, as the case may be, shall also, when the context requires, be deemed to include the plural or the singular, or the masculine or feminine reference, as the case may be; (C) the use of the word "including" shall mean including, without limitation, with regard to the items listed thereafter; and (D) the headings in the Agreement are for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of the Agreement or any provision thereof.

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

Seller:

Purchaser:

B.G.W. SYSTEMS, INC.
INC

AMPLIFIER TECHNOLOGIES,

By *Barbara Wachner*
BARBARA WACHNER,
its president

By *Morris Kessler*
MORRIS KESSLER,
its president

By *Barbara Wachner*
BARBARA WACHNER,
An Individual as to the Representations and Warranties Contained in the Agreement

Agreement

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SCHEDULE 1.1

Purchased Assets

- Fixed Assets (including machinery, equipment, furniture and fixtures)
- Titled Equipment
- Proprietary or accounting Software
- Inventory
- Accounts Receivable
- Customer Deposits
- All deposits with vendors, utilities and government entities
- Designs, concepts, schematics engineering reports for all BGW products including but not limited to the existing product line, new and old products/electronics.
- Goodwill
- Prepaid items and deposits relating to customers or suppliers
- Furniture
- Patents/Trademarks/Service marks/Domain names/Telephone Numbers/Copyrights/Computer Web Sites/Vendor Lists/Customer Lists/Accounts/other intellectual property
- and Contracts, which are specifically assumed by Purchaser (See Sections 1.6 and Schedule 5.4).
- Licenses, Franchises, Permits.
- Seller Confidential Information (See Section 8.4).

SCHEDULE 2.1

Excluded Assets

- Any actions related to 11 U.S.C. §§544-549.
- Seller's corporate minute book and related records.
- Documents required to be maintained by law.

SCHEDULE 2.2

Assumed Obligations

- 1. Such Contracts and Licenses as are specifically assumed by Purchaser pursuant to Sections 1.6 and 5.4., 5.6 and 5.7..

SCHEDULE 5.3

Warranties

That Seller and its President Barbara Wachner have disclosed any material liabilities or other obligations of the Seller company which would effect the goodwill or the value of the company with respect to Seller's Vendors and Customers.

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