UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

JARDEN CORPORATION

DELAWARE	0-21052	35-1828377
State of Incorporation	Commission File Number	IRS Identification Number

555 THEODORE FREMD AVENUE
RYE, NEW YORK 10580

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (914) 967-9400

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.01 PAR VALUE	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS: YES [X] NO [ ]

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K: [ ]

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS DEFINED IN RULE 12b-2 OF THE EXCHANGE ACT). YES [X] NO [ ]

AS OF JUNE 30, 2003, THE AGGREGATE MARKET VALUE OF VOTING COMMON STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT WAS $351.8 MILLION BASED UPON THE CLOSING MARKET PRICE ON SUCH DATE AS REPORTED ON THE NEW YORK STOCK EXCHANGE.

ALL (I) EXECUTIVE OFFICERS AND DIRECTORS OF THE REGISTRANT AND (II) ALL PERSONS FILING A SCHEDULE 13D WITH THE SECURITIES AND EXCHANGE COMMISSION IN RESPECT TO REGISTRANT'S COMMON STOCK WHO HOLD 10% OR MORE OF THE REGISTRANT'S OUTSTANDING COMMON STOCK, HAVE BEEN DEEMED, SOLELY FOR THE PURPOSE OF THE FOREGOING CALCULATION, TO BE "AFFILIATES" OF THE REGISTRANT.

THERE WERE 27,031,233 SHARES OUTSTANDING OF THE REGISTRANT'S COMMON STOCK, PAR VALUE $.01 PER SHARE, AS OF FEBRUARY 13, 2004.

DOCUMENTS INCORPORATED BY REFERENCE

CERTAIN INFORMATION REQUIRED FOR PART III OF THIS REPORT IS INCORPORATED HEREIN BY REFERENCE TO THE COMPANY'S PROXY STATEMENT FOR THE 2004 ANNUAL MEETING OF STOCKHOLDERS, WHICH IS ANTICIPATED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO REGULATION 14A NOT LATER THAN 120 DAYS FOLLOWING THE END OF THE COMPANY'S FISCAL YEAR.

JARDEN CORPORATION
INDEX TO FORM 10-K

PART I

ITEM 1. BUSINESS

Jarden Corporation was reincorporated in the State of Delaware in December 2001, having been originally incorporated in the State of Indiana in 1991. We are a leading provider of niche consumer products used in and around the home, under well-known brand names including Ball(R), Bernardin(R), Crawford(R), Diamond(R), FoodSaver(R), Forster(R), Kerr(R), Lehigh(R) and Leslie-Locke(R). In North America, we are the market leader in several targeted consumer categories, including plastic cutlery, home canning, home vacuum packaging, kitchen matches, rope, cord and twine and toothpicks. Many of our products are affordable, consumable and fundamental household staples. Our acquisitions, highly recognized brands, innovative products and multi-channel distribution strategy have resulted in significant growth in revenue and earnings.

We have achieved leading market positions by selling branded products through a variety of distribution channels, including club, department store, drug, grocery, mass merchant and specialty retailers as well as direct to consumers. By leveraging our strong brand portfolio, category management expertise and superior customer service, we have established and continue to maintain long-term relationships with leading retailers within these channels. For example, we have serviced Wal-Mart and Home Depot since their openings in 1962 and 1978, respectively, and are currently category manager at Wal-Mart for home canning-related products and at Home Depot for cordage. Moreover, several of our leading brands, such as Diamond(R) kitchen matches and Ball(R) jars, have been in continuous use for over 100 years. We continue to expand our existing customer relationships and attract new customers by introducing new product line extensions and entering new product categories.

We operate three primary business segments: branded consumables, consumer solutions and plastic consumables.

Branded Consumables. We manufacture or source, market and distribute a broad line of branded consumer products that includes clothespins, craft items, food preparation kits, home canning jars, jar closures, kitchen matches, plastic cutlery, rope, cord and twine, storage and workshop accessories, toothpicks and other accessories marketed under the Ball(R), Bernardin(R), Crawford(R), Diamond(R), Forster(R), Kerr(R), Lehigh(R) and Leslie-Locke(R) brand names.

Consumer Solutions. We source, market and distribute an array of innovative kitchen products under the market leading FoodSaver(R) brand name, as well as the VillaWare(R) brand name. We believe that the FoodSaver(R) vacuum packaging system is superior to more conventional means of food packaging, including freezer and storage bags and plastic containers, in preventing dehydration, rancidity, mold, freezer burn and hardening of food. The original FoodSaver(R) product was successfully launched through infomercials and has since expanded its distribution channels to be based primarily on retail customers. In addition to machines, we market and distribute an expanding line of proprietary bags and bag rolls for use with FoodSaver(R) machines, which represents a recurring revenue source, along with accessories including canisters, jar sealers, marinators and wine stoppers. Under the VillaWare(R) brand, we provide high-end kitchen products, such as waffle-makers and panini grills, primarily to the specialty gourmet market.

Plastic Consumables. We manufacture, market and distribute a wide variety of consumer and medical plastic products for customers and our other primary segments. These products include closures, contact lens packaging, plastic cutlery, refrigerator door liners, shotgun shell casings, surgical devices and syringes. Many of these products are consumable in nature or represent components of consumer products.

In addition to the three primary business segments described above, our other business segment consists primarily of our zinc strip business, which is the largest producer of zinc strip and fabricated products in the United States, including low denomination coins.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths serve as a foundation for our growth strategy:

Market Leadership Positions. In North America, we are a leader in several targeted consumer categories including retail plastic cutlery, home canning, home vacuum packaging, kitchen matches, rope, cord and twine and toothpicks. We believe that the specialized nature of our niche categories and our leading market shares therein provide us with competitive advantages in terms of demand from major retailers and enhanced brand awareness. We created the home vacuum packaging category at most of our retailers and continue to lead the category by providing innovation and marketing tools to promote the FoodSaver(R) brand and home vacuum packaging to consumers. In addition, our branded consumables business is either the named category manager, sole supplier or one of a select few vendors to the dominant retailers in many of its product lines.

Strong Brand Name Recognition. We have built a portfolio of leading consumer brands, which assists us in gaining retail shelf space and introducing new products. The Ball(R) brand has been in continuous use for over 100 years and is very well recognized within the home food preservation market. In the United States, we believe Kerr(R) is also a widely-recognized home canning brand while Bernardin(R) is the leading home canning brand in Canada. We believe Diamond(R), Forster(R) and FoodSaver(R) are the leading brands in their principal markets and are also well recognized by consumers. We believe our strong brand recognition and consumer awareness, coupled with the long-standing quality of our products, results in significant customer loyalty.

Comprehensive Product Offering. We provide retailers with a comprehensive portfolio of niche consumer products across multiple categories, which adds diversity to our revenues and cash flows. Within these categories, we service the needs of a wide range of consumers and satisfy their different tastes, preferences and budgets. In home canning, we offer a range of branded products to serve the value, mid-tier and premium price points. We offer kitchen matches, plastic cutlery and toothpicks of various counts, sizes and durability. FoodSaver's(R) current offerings are well positioned to take advantage of a "good, better, best" strategy in order to target consumers with various levels of price sensitivity and product sophistication. In high-end kitchen products, we have a range of electrics, cookware and kitchen tools. We also offer a diversified portfolio of consumer products to the home improvement industry, including cordage (e.g. ropes and twines), home storage and organization hardware, workshop accessories and metal security screen doors and fencing. We believe our ability to serve retailers with a broad array of branded products and continually introduce new products will continue to allow us to further penetrate existing customers.

Long-Term Customer Relationships. We have established and continue to maintain strong relationships with our retail customers based, in part, on our portfolio of leading brands, superior customer service and product innovation. We are the named category manager for various products at key retailers, including Wal-Mart, Home Depot and Lowe's, and are the leading supplier for other products for which there is no named category manager. In addition, we have maintained relationships for more than 10 years with virtually all of our key customers. We provide marketing, technical and service support to our retail customers by assisting with category management, in-store merchandising and customized packaging. We also offer end users a broad array of services including product warranties, toll-free customer service numbers and web sites featuring extensive customer service information.

Expertise in Successfully Identifying and Executing Complementary Acquisitions. We believe we have expertise in identifying and acquiring businesses or brands that complement our existing product portfolio. We utilize a systematic, disciplined acquisition strategy to identify candidates that can provide category leading product offerings to be sold through our existing distribution channels or introducing new distribution channels for our existing products. This expertise has resulted in several important strategic acquisitions of complementary businesses, including Tilia, Diamond Brands and Lehigh, which have helped build our portfolio of niche consumer products used in and around the home and strengthened our distribution channels. Moreover, we have developed an operating infrastructure with the proven capability to successfully integrate acquisitions. We believe that our acquisition expertise uniquely positions us to take advantage of future opportunities to acquire complementary businesses or brands.

Recurring Revenue Stream. We derive recurring and, we believe, annually stable sales from many of our leading products due to their affordability and position as fundamental staples within many households. Our clothespins, jar closures, kitchen matches, plastic cutlery, rope, cord and twine and toothpicks exemplify these traits. Moreover, we believe that as the installed base of FoodSaver(R) appliances increases, our patented disposable storage bags and related accessories used with the FoodSaver(R) appliances will constitute an increasing percentage of total FoodSaver(R) revenues. In each of the last six years the sales of consumable bags and accessories as a percentage of total net sales of FoodSaver's(R) products has increased.

Low Cost Manufacturing. We believe we excel at manufacturing programs involving high volumes with superior efficiencies, low cost and exceptional quality. We have organized the production runs of our branded consumable product lines to minimize the number of manufacturing functions and the frequency of material handling. We also utilize, where practical, a flexible process which uses cellular manufacturing to allow a continuous flow of parts with minimal set up time. Our efficient and automated plastic cutlery manufacturing operations enable us to produce, count and package plastic cutlery ready for retail distribution with minimal labor costs.

We also utilize an efficient outsourced manufacturing network of suppliers for certain of our branded consumables and consumer solutions products. Many of these relationships are long-term; affording us increased flexibility and stability in our operations. Appliances, bags and accessories are sourced from several facilities throughout Asia and the United States. This diverse network allows us to maintain multiple sources of quality products while keeping price points competitive and provides us with quick response, special order service and low-cost/high-volume production capacity. We believe our service levels, including fill rates, are attractive compared to our competitors.

Proprietary and Patented Technology. We believe we have proprietary expertise in the design, development and manufacture of certain of our products supported by patented technology, affording us a competitive advantage and enabling us to maintain our market leading positions. We own patents on our FoodSaver(R) home vacuum packaging systems and on the bags used for vacuum sealing. Our first-to-market advantage, our patent protection and our well-developed manufacturing relationships have enabled us to maintain our role as the market leader within the home vacuum packaging category. For our home canning products, we have developed a proprietary two-piece closure system incorporating a plastisol sealant that differentiates our jar lids from those of competitors.

Proven and Incentivized Management Team. Our management team has a proven track record of successful management with positive operating and shareholder results. Our management team is led by Martin E. Franklin, our Chairman and Chief Executive Officer, and Ian G.H. Ashken, our Vice Chairman and Chief Financial Officer, both of whom joined Jarden in 2001 and who collectively beneficially own approximately 6% of our common stock. In 2003, we hired James E. Lillie, our President and Chief Operating Officer. Mr. Lillie brings 14 years of executive officer experience to Jarden, principally in the operations and integration areas. Each of our operating businesses is managed by professionals with an average of over 20 years of experience. Senior operating managers also participate in our equity incentive programs, and cash incentive compensation is primarily based on attaining selected financial performance targets.

GROWTH STRATEGY

Our objective is to increase revenue, cash flow and profitability while growing our position as a leading manufacturer, marketer and distributor of niche, branded consumer products used in and around the home. Our strategy for achieving these objectives includes the following key elements:

Further Penetrate Existing Distribution Channels. We will seek to further penetrate existing distribution channels to drive organic growth by capitalizing on our strong existing customer relationships and attracting new customers. We intend to further penetrate existing customers by continuing to (i) provide quality products, (ii) efficiently and consistently fulfill logistical requirements and volume demands, (iii) provide comprehensive product support from design to after-market customer service and (iv) cross-sell our branded consumables and consumer solutions products and accessories to our extensive combined customer base. As a result of our cross-selling initiatives, FoodSaver(R) products are now being sold through the grocery and hardware channels, where we previously sold primarily branded consumable products. Similarly, we believe there is potential to introduce our home canning

products into leading home improvement retailers as a result of Lehigh's strong relationships in this category and to introduce our food preservation products into the specialty gourmet market as a result of VillaWare's(R) strong reputation in that category. We intend to attract new customers through our portfolio of leading brands, innovative products and superior customer service.

Introduce New Products. To drive organic growth from our existing businesses, we intend to continue to leverage our strong brand names, customer relationships and proven capacity for innovation to develop new products and product extensions in each of our major product categories. For example, our branded consumables business has targeted several new product introductions and extensions, such as its Fresh-N-Fun Ball(R) home canning-related kits that provide consumers a more convenient and recreational experience, its easy to deliver cordage dispenser, an improved Shake-A-Pick(R) toothpick dispenser, a branded multi-purpose work bench and Diamond(R) multi-purpose lighters with unique features including Long Reach(TM) and Telescopic(TM) that fulfill specific consumer needs. Also in 2003, we successfully launched our White River Farms(R) branded cookie mixes-in-a-jar on a popular televised shopping channel.

Pursue Strategic Acquisitions. We anticipate that the fragmented nature of the niche consumer products market will continue to provide significant opportunities for growth through strategic acquisitions of complementary businesses. Our acquisition strategy will continue to focus on businesses or brands with product offerings that provide expansion into related categories and can be marketed through our existing distribution channels or provide us with new distribution channels for our existing products, thereby increasing marketing and distribution efficiencies. Furthermore, we seek acquisition candidates with attractive margins, strong cash flow characteristics, category leading positions and products that generate recurring revenue. Our acquisitions of Tilia, Diamond Brands and Lehigh are examples of our ability to implement this acquisition strategy. We anticipate that future acquisitions will be financed through a combination of cash on hand, operating cash flow, debt and equity.

Expand Internationally. Historically, we have focused primarily on North American sales while establishing a limited sales presence internationally. In 2003, sales outside of North America still represented less than 2% of sales, despite almost doubling in 2003 compared to 2002. We intend to expand our international sales primarily by developing distribution channels for certain of our existing products and by pursuing strategic acquisitions of foreign businesses with established complementary distribution channels. We are in the early stages of implementing our proven North American home vacuum packaging product introduction strategy in Asia and Europe, where we have recently entered into limited distribution agreements for our FoodSaver(R) products. In these markets, we intend to follow the successful strategy we implemented in North America by initially utilizing direct to consumer sales, including infomercials, to build consumer awareness and generate retail demand. Once a critical mass of consumer sales and interest has been established, we intend to launch FoodSaver(R) products through traditional retail channels.

BRANDED CONSUMABLES

On February 7, 2003, we acquired substantially all of the assets of Diamond Brands International, Inc. and its subsidiaries ("Diamond Brands"), a provider of plastic cutlery, clothespins, kitchen matches and toothpicks. On September 2, 2003, we acquired all of the issued and outstanding stock of Lehigh Consumer Products Corporation and its subsidiary ("Lehigh"), the largest supplier of rope, cord and twine for the U.S. consumer marketplace and a leader in innovative storage and organization products and workshop accessories for the home and garage as well as products in the security screen door and ornamental metal fencing market. The discussion below incorporates these acquired businesses.

We manufacture, market and distribute a broad line of branded products that includes clothespins, craft items, food preparation kits, home canning jars, jar closures, kitchen matches, plastic cutlery, rope, cord and twine, storage and workshop accessories, toothpicks and other accessories.

We sell a variety of branded consumable products detailed in the chart below:

Selected Owned and Licensed Brands	Selected Products
Ball(R), Bernardin(R)and Kerr(R)	Home canning jars in various sizes, consumable decorative and functional lids, food preparation kits, home canning accessories
Diamond(R)and Forster(R)	Kitchen matches, plastic cutlery, toothpicks, clothespins, wood craft items, fire starters, book matches, straws
Lehigh(R)and Crawford(R)	Ropes in synthetic and natural fiber, clotheslines and related hardware, twines, rubber tie downs
Storehorse(R), Crawford(R) and Leslie-Locke(R)	Metal and plastic sawhorses, multi-purpose workbenches, garage storage and organization products, security screen doors and ornamental metal fencing and related products

Customers

We have long-standing relationships with a diverse group of retail, wholesale and institutional customers in North America. We sell through a wide variety of retail formats, including grocery stores, mass merchants, department stores, value retailers, home improvement stores and craft stores. Our principal branded consumable customers include Albertson's, Dollar General, Home Depot, Kroger, Lowe's and Wal-Mart, among others.

Sales and Marketing

For our branded consumables sales efforts we utilize an internal sales, marketing and customer service staff, supported by a network of outside sales representatives. Regional sales managers are organized by geographic area and are responsible for customer relations management, pricing and distribution strategies, and sales generation. Also, responsibility for key accounts and product lines in our home improvement market is divided amongst managers, who are primarily responsible for building and maintaining relationships with leading customers such as Home Depot and Lowe's. Our marketing and sales departments work closely together to develop pricing and distribution strategies and to design packaging and develop product line extensions and new products. In the home improvement market, our sales and marketing staff is supplemented by independent sales rep organizations, which provide in-store merchandising services and assist the store personnel with stocking, promotional programs and shelf set maintenance.

We have employed a two-tier marketing strategy for our line of home canning and plastic cutlery products. The Ball(R), Kerr(R), Diamond(R) and Forster(R) brand names are marketed as premium and specialty products. For the more price-conscious consumer, we have positioned Golden Harvest(R) and Lady Dianne(R) as our value-priced brands, which have allowed us to minimize the cannibalization from our family of products by lower-priced, discount store brands. Also, for our plastic cutlery products we manufacture certain private label products.

Distribution and Fulfillment

We distribute the majority of our branded consumable products through a number of in-house distribution centers and third party warehouses throughout North America. Whenever possible, we utilize highly automated packaging equipment, allowing us to maintain our efficient and effective logistics and freight management processes. We also work with outsourced providers for the delivery of our products in order to ensure that as many shipments as possible are processed as full truckloads, saving significant freight costs.

Manufacturing

We manufacture the metal closures for our home canning jars at our Muncie, Indiana facility. Lithographed tin plated steel sheet is cut and formed to produce the lids and bands. Liquid plastisol, which we formulate, is applied to lids, forming an airtight seal, which is necessary for safe and effective home canning. Finished products are packaged for integration with glass jars or sold in multi-packs as replacement lids.

We manufacture kitchen matches, toothpicks and craft items at our Minnesota location. The plant purchases local wood that we convert into veneer, from which we saw, stamp and mold the various wood shapes. The shapes are dried and polished to prepare them for packing. The kitchen match products are put through a secondary manufacturing process to apply the match head and prepare it for packing and shipping to our customers.

We manufacture products for the home improvement industry utilizing U.S., Mexican and Asian-based manufacturing. North American manufacturing is utilized for shorter runs and special orders. We operate facilities in Macungie, Pennsylvania; Compton, California; and Merida, Mexico. Our Asian sourcing is comprised of several long-standing sourcing relationships. We have strategic alliances with several Chinese contract manufacturers that have proven to be reliable sources. The combination of flexible, short-run North American operations and low-cost Asian sourcing has allowed us to provide our customers with high quality and low-cost products at industry-leading fill rates.

Raw Materials and Sourcing of Product

Most of our glass canning jars are supplied under a multi-year supply agreement. Such glass materials are also available from other sources at competitive prices. The tin plate, nylon, metal and resin used in the manufacture of our branded consumables are supplied by multiple vendors and are currently available from a variety of sources at competitive prices. Our wood is also supplied by multiple vendors and is readily available to our wood manufacturing plants from local suppliers. Our plastic cutlery is sourced from our plastic consumables segment.

Historically, the raw materials and components that are necessary for the manufacture of our products have been available in the quantities that we require.

Intellectual Property

We believe that none of our active trademarks or patents is essential to the successful operation of our business as a whole. However, one or more trademarks or patents may be material in relation to individual products or product lines such as our rights to use the Ball(R), Bernardin(R), Crawford(R), Diamond(R), Forster(R), Kerr(R), Lehigh(R), Leslie-Locke(R) and Storehorse(R) brand names in connection with the sale of our branded consumables.

Pursuant to the terms of the 1993 distribution agreement with Ball Corporation ("Ball"), we were granted a perpetual, royalty-free license to use the Ball(R) brand name for our branded consumables. In the event of a change of control of Jarden which has not received the approval of a majority of our board of directors or causes us to be controlled or majority owned by a competitor of Ball, Ball has the option to terminate our license to use the Ball(R) brand name. Pursuant to the terms of an agreement with Kerr Group, Inc. ("Kerr"), we have a perpetual, royalty-free and exclusive, worldwide license to use the Kerr(R) brand name for our branded consumables. However, in the event of a change of control of Jarden which has not received the approval of a majority of our board of directors, Kerr has the option to terminate our license to use the Kerr(R) brand name.

Competition

Although, we are a leading provider of retail plastic cutlery, home canning products, kitchen matches, rope, cord and twine and toothpicks in North America, we have direct competitors in most of our niche markets. In addition to direct competitors, in the market for home canning we compete with companies who specialize in other food preservation mediums such as freezing and dehydration. The market for plastic cutlery is extremely price sensitive and our competitors include Far East and domestic suppliers.

Seasonality

Sales of our home canning products generally reflect the pattern of the growing season and retail sales of our plastic cutlery are concentrated in the summer months and holiday periods. Sales of our home improvement products are concentrated in the spring and summer months. Sales of all these products may be negatively impacted by unfavorable weather conditions and other market trends. Periods of drought, for example, may adversely affect the supply and price of fruit, vegetables, and other foods available for home canning.

CONSUMER SOLUTIONS

On April 24, 2002, we acquired the business of Tilia International, Inc. and its subsidiaries ("Tilia"). The discussion below incorporates this acquired business.

We source, market and distribute an array of innovative kitchen products under the market leading FoodSaver(R) brand name, as well as the VillaWare(R) brand name. We believe that the FoodSaver(R) vacuum packaging system is superior to more conventional means of food packaging, including freezer and storage bags and plastic containers, in preventing dehydration, rancidity, mold, freezer burn and hardening of food. The original FoodSaver(R) product was successfully launched through infomercials and has since expanded its distribution channels to be based primarily on retail customers. In addition to machines, we market and distribute an expanding line of proprietary bags and bag rolls for use with FoodSaver(R) machines which represent a recurring revenue source, along with accessories including canisters, jar sealers and wine stoppers. Under the VillaWare(R) brand name, we provide high-end kitchen products, such as waffle-makers and panini grills, primarily to the specialty gourmet market.

Customers

We sell through a diverse group of leading wholesale and retail customers in North America and distributors in selected international markets. We have successfully penetrated several traditional retail channels including mass merchants, warehouse clubs and specialty retailers and also sell through direct-to-consumer channels, primarily infomercials. Our leading retail customers in this segment include Bed Bath and Beyond, Costco, Kohl's, Target, Wal-Mart and Williams-Sonoma, among others.

Sales and Marketing

Our consumer solutions sales efforts are led by our internal sales force, which manages house accounts and oversees independent manufacturer representatives. We also sell directly to the consumer through television infomercials, the Internet and other direct to consumer promotions. In addition to generating direct sales, the infomercials serve as an advertising tool creating awareness and demand at retail stores for the product line. Our marketing and sales departments work closely together to develop customized product line and pricing strategies to meet our customers' specialized needs. Our marketing department is implementing a strategy to drive sustained growth over the next few years. Advertising and brand-building programs will extend beyond infomercials. We believe that new product innovation will increasingly capitalize on consumer segmentation opportunities in vacuum packaging and in other food preservation categories. We believe that our retail position will be reinforced by channel marketing initiatives that optimize category volume and profitability for retailers. We intend to expand direct marketing activities to reinforce the brand loyalty and usage rates for bags and accessories.

Distribution and Fulfillment

We utilize a combination of third party and owned warehouses in the United States and Canada to distribute our consumer solutions products.

Manufacturing

Our research and development department designs and engineers home vacuum packaging and electric kitchen products in the United States, sets strict engineering specifications for the third-party manufacturers and ensures our

proprietary manufacturing expertise despite outsourced production. We maintain control over all critical production molds. In order to ensure the quality and consistency of our products manufactured by third party manufacturers in Asia, we employ a team of inspectors who inspect the products we purchase on site at the factories and ensure compliance with our strict quality standards. Products are currently sourced through multiple key suppliers in China, Taiwan, Korea and the United States.

Intellectual Property

We own the rights to the FoodSaver(R) brand for use in home vacuum packaging machines, bags and related products and believe there is significant value in this trademark. Additionally, we hold patents throughout many primary worldwide markets that cover various aspects of the FoodSaver(R) machine, as well as the related bags and accessories. We have pending patent applications for continually advancing bag and vacuum packaging technologies.

Tilia has filed a complaint with the International Trade Commission ("ITC") against Applica Consumer Products, Inc., Applica, Inc., The Rival Company, The Holmes Group, Inc. and ZeroPack Co., Ltd., to enjoin the importation into the U.S. of certain competitive home vacuum packaging products that we believe infringe our patented technology. Since the filing of that complaint, Tilia has entered into a confidential settlement agreement with The Rival Company and The Holmes Group pursuant to which the parties have requested that the ITC terminate the investigation as it relates to The Rival Company and The Holmes Group. Tilia is vigorously pursuing its claims against Applica Consumer Products, Inc., Applica, Inc. and ZeroPack Co., Ltd., as we believe that if the ITC fails to enjoin the importation of these products, our consumer solutions business may be irreparably harmed by (i) being forced to sell products at reduced margins, and (ii) having the entire market for home vacuum packaging products disrupted by the introduction of low quality products.

Competition

Our FoodSaver(R) appliances and bags compete with marketers of "conventional" food storage solutions, such as non-vacuum plastic bags and containers. In addition, our competitors include other manufacturers of home sealing appliances that heat- or vacuum- seal bags, however, as household penetration of home vacuum packaging systems increases, we expect that more competitors will enter the market. There are also several companies that manufacture industrial and commercial vacuum packaging products, but we do not believe that these manufacturers have attempted to enter the household marketplace. Our electric kitchen products compete with a variety of manufacturers, small and large, producing products at the high end of the market.

Seasonality

Sales of our FoodSaver(R) and VillaWare(R) products generally are strongest in the fourth quarter preceding the holiday season and may be negatively impacted by unfavorable retail conditions and other market trends.

PLASTIC CONSUMABLES

We manufacture, market and distribute a wide variety of plastic products including closures, contact lens packaging, plastic cutlery, refrigerator door liners, shotgun shell casings, surgical devices and syringes. Many of these products are consumable in nature or represent components of consumer products.

On February 7, 2003, in conjunction with the acquisition of the business of Diamond Brands, this segment began manufacturing plastic cutlery. In 2001, this segment included the results of our underperforming thermoformed plastics operations, which was sold effective November 26, 2001.

Customers

We sell primarily to major companies in the healthcare and consumer products industries. Our leading customers include CIBA Vision, Johnson & Johnson, Scotts, Whirlpool and Winchester. We also supply plastic

products and parts to both our branded consumables (plastic cutlery and closures) and consumer solutions (plastic containers) segments.

Sales and Marketing

Our internal sales force and marketing department focus their efforts in those markets that require high levels of precision, quality and engineering expertise. There is potential for continued growth in all product lines, especially in the healthcare market, where our quality, service and "clean room" molding operations are critical competitive factors.

Manufacturing

We manufacture our plastic consumable products at six owned U.S. facilities and one leased U.K. facility. The injection-molding process involves converting plastic resin pellets to a fluid state through elevated temperature and pressure, at which point the resin is injected into a mold where it is then formed into a finished part. Molded parts are usually small, intricate components that are produced using multi-cavity tooling. Post-molding operations employ robotics and automation for assembly and packaging. The thermoforming process is an operation in which plastic sheet, which we extrude from plastic resin pellets, is converted into a formed product using precision molds and the application of heat. After the product is formed, the process of removing the excess material, or trimming, is generally performed by automated equipment programmed to execute the appropriate steps to produce the finished part to the customer's specifications.

Raw Materials

We purchase resin from regular commercial sources of supply and, in most cases, multiple sources. The supply and demand for plastic resins is subject to cyclical and other market factors. With the majority of our manufacturing customers, we have the ability to pass-through price increases with an increase in our selling price. This pass-through pricing is not applicable to plastic cutlery, which we supply to our branded consumables segment.

OTHER

In addition to the three primary business segments described above, our other business consists primarily of our zinc strip business, which is the largest North American producer of niche products fabricated from solid zinc strip. We are the sole source supplier of copper plated zinc penny blanks to both the United States Mint and the Royal Canadian Mint as well as a supplier of low denomination coinage to other international markets. In addition, we manufacture a line of industrial zinc products marketed globally for use in the plumbing, automotive, electrical component and architectural markets, and the Lifejacket(R) Cathodic Protection System.

GOVERNMENT CONTRACTS

We enter into contracts with the United States Government, which contain termination provisions customary for government contracts. The United States Government retains the right to terminate such contracts at its convenience. However, if the contract is terminated, we are entitled to be reimbursed for allowable costs and profits to the date of termination relating to authorized work performed to such date. The United States Government contracts are also subject to reduction or modification in the event of changes in government requirements or budgetary constraints. Since entering into a contract with us in 1981, the United States Government has not terminated the penny blank supply arrangement.

ENVIRONMENTAL MATTERS

Our operations are subject to Federal, state and local environmental and health and safety laws and regulations, including those that impose workplace standards and regulate the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage and disposal of materials and substances including solid and hazardous wastes. We believe that we are in material compliance with such laws and regulations. Further, the cost of maintaining compliance has not, and we believe, in the future, will

not, have a material adverse effect on our business, results of operations or financial condition. Due to the nature of our operations and the frequently changing nature of environmental compliance standards and technology, we cannot predict with any certainty that future material capital or operating expenditures will not be required in order to comply with applicable environmental laws and regulations.

In addition to operational standards, environmental laws also impose obligations on various entities to clean up contaminated properties or to pay for the cost of such remediation, often upon parties that did not actually cause the contamination. We have attempted to limit our exposure to such liabilities through contractual indemnities and other mechanisms. We do not believe that any of our existing remediation obligations, including at third-party sites where we have been named a potentially responsible party, will have a material adverse effect upon our business, results of operations or financial condition.

EMPLOYEES

We employ approximately 2,400 people. Approximately 400 union workers are covered by four collective bargaining agreements at three of our U. S. facilities. These agreements expire at our jar closure facility (Muncie, Indiana) in October 2006, at our kitchen match and toothpick manufacturing facility (Cloquet, Minnesota) in February 2006, and at our metals facility (Greeneville, Tennessee) in October 2007.

We have not experienced a work stoppage during the past five years. Management believes that its relationships with our employees and collective bargaining unions are satisfactory.

BACKLOG

As of December 31, 2003, the branded consumables and consumer solutions segments had a backlog of orders of $6.4 million and $6.2 million, respectively. In our remaining segments, we typically sell under supply contracts for minimum (generally exceeded) or indeterminate quantities and, accordingly, we do not track backlog information. There can be no assurance that orders comprising the backlog will be realized as revenue.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred in connection with our internal programs for the development of products and processes and have not been material in recent years.

RECENT DEVELOPMENTS

On February 24, 2004, we executed a securities purchase agreement to acquire all of the capital stock of Bicycle Holding, Inc. ("BHI"), including its wholly owned subsidiary United States Playing Card Company ("USPC"), a privately held leading producer and distributor of premium playing cards, including the Bee(R), Bicycle(R), Aviator(R) and Hoyle(R) brands, for approximately $232 million. The transaction is expected to close by the third quarter of 2004, subject to Hart-Scott-Rodino approval, gaming industry related regulatory approvals, BHI shareholder execution and approval and other conditions. USPC is the largest manufacturer and distributor of playing cards, children's card games, collectible tins, puzzles and card accessories for the North American retail market and through its subsidiaries, including USPC, BHI is the largest supplier of premium playing cards to casinos worldwide. It is anticipated that we will purchase not less than 75% of the capital stock of BHI at closing and that the remainder of the capital stock will be purchased according to the terms of a put/call agreement within one year of closing. In addition to the purchase price, the agreement includes an earn-out provision with a total potential payment in cash or our common stock of up to $10 million based on achieving future growth targets. If paid, we expect to capitalize the cost of the earn-out. No assurances can be given that the acquisition of BHI will be consummated or, if such acquisition is consummated, as to the final terms of such acquisition. Copies of the purchase agreement and related put/call agreement are attached to this report as Exhibits 2.7 and 2.8, respectively, and are incorporated herein by reference as though fully set forth herein. The foregoing summary description of the purchase agreement, the put/call agreement and the transactions contemplated thereby are not intended to be complete and are qualified in their entirety by the complete texts of the purchase agreement and the put/call agreement.

WEB SITE ACCESS DISCLOSURE

Our internet Web site address is http://www.jarden.com. We make available free of charge through our Web site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports, and the proxy statement for our annual meeting of stockholders, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. In addition, information concerning purchases and sales of our equity securities by our executive officers and directors is posted on our Web site, by the end of the business day after filing. All of these materials are located at the "Investor Relations" tab.

Our Web site also includes the following corporate governance materials, at the tab "Corporate Governance": our Business Conduct and Ethics Policy; our Board Governance and Conduct Policy; our Management and Directors; our Committee Composition; our Inside Transactions; and the charters of our Board committees. These corporate governance materials are also available in print upon request by any stockholder to our Investor Relations department at our corporate headquarters.

Information on our Web site does not constitute part of this filing on Form 10-K.

In addition to the information included in this Item 1, see Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Item 8, Note 1 (Significant Accounting Policies) and Note 5 (Business Segment Information) for financial and other information concerning our business segments and geographic areas.

Our corporate headquarters is located at 555 Theodore Fremd Avenue, Rye, NY 10580, and our telephone number is (914) 967-9400.

ITEM 2. PROPERTIES

The Company's properties are well maintained, considered adequate and being utilized for their intended purposes. Information regarding the approximate size of principal manufacturing, warehousing and office facilities is provided below:

Location	Type of Use	Business Segment	Approximate Square Feet	Owned/Leased
Cloquet, Minnesota	Manufacturing	Branded Consumables	290,000	Owned
Macungie, Pennsylvania	Manufacturing/Warehousing	Branded Consumables	270,000	Leased
Muncie, Indiana	Manufacturing	Branded Consumables	173,000	Owned
Compton, California	Manufacturing/Warehousing	Branded Consumables	172,000	Leased
Kansas City, Missouri	Warehousing	Branded Consumables	150,000	Leased
Wilton, Maine	Warehousing	Branded Consumables	150,000	Owned
Merida, Mexico	Manufacturing	Branded Consumables	120,000	Owned
Tupper Lake, NY	Manufacturing	Plastic Consumables	159,000	Owned
Fort Smith, Arkansas	Manufacturing/Warehousing	Plastic Consumables	140,000	Owned
East Wilton, Maine	Manufacturing	Plastic Consumables	85,000	Owned
Reedsville, Pennsylvania	Manufacturing/Warehousing	Plastic Consumables	73,000	Owned
Greenville, South Carolina	Manufacturing/Warehousing	Plastic Consumables	48,000	Owned
Springfield, Missouri	Manufacturing/Warehousing	Plastic Consumables	43,000	Owned
Greeneville, Tennessee	Manufacturing/Warehousing	Other	320,000	Owned
San Francisco, California	Offices	Consumer Solutions	49,000	Leased
Cleveland, Ohio	Office/Warehousing	Consumer Solutions	97,000	Leased
Rye, New York	Corporate offices	-------	4,700	Leased

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal disputes in the ordinary course of business. In addition, the Environmental Protection Agency has designated the Company as a potentially responsible party, along with numerous other companies, for the clean up of several hazardous waste sites. Based on currently available

information, the Company does not believe that the disposition of any of the legal or environmental disputes the Company is currently involved in will have a material adverse effect upon the financial condition, results of operations, cash flows or competitive position of the Company. It is possible, that as additional information becomes available, the impact on the Company of an adverse determination could have a different effect.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE COMPANY

Pursuant to General Instruction G(3), the information regarding our executive officers called for by Item 401(b) of Regulation S-K is hereby included in Part I of this Annual Report on Form 10-K.

The executive officers of the Company are as follows:

Martin E. Franklin, age 39, is Chairman and Chief Executive Officer of the Company. Mr. Franklin was appointed to the Board of Directors on June 25, 2001 and became Chairman and Chief Executive Officer effective September 24, 2001. Mr. Franklin is also a principal and executive officer of a number of private investment entities. Mr. Franklin was the Chairman of the Board of Directors of Bolle, Inc. from February 1997 until February 2000. Mr. Franklin has previously held positions as Chairman and Chief Executive Officer of Lumen Technologies, Inc. from May 1996 to December 1998, and Benson Eyecare Corporation from October 1992 to May 1996. Since January 2002, Mr. Franklin has served as the Chairman of the Board and a director of Find/SVP, Inc., a Nasdaq OTC Bulletin Board company. Mr. Franklin also serves as a director of Bally Total Fitness Holding Corporation, a New York Stock Exchange Company.

Ian G.H. Ashken, age 43, is Vice Chairman and Chief Financial Officer of the Company. Mr. Ashken was appointed to the Board of Directors on June 25, 2001 and became Vice Chairman, Chief Financial Officer and Secretary effective September 24, 2001. Mr. Ashken is also a principal and executive officer of a number of private investment entities. Mr. Ashken was the Vice Chairman of the Board of Directors of Bolle, Inc. from December 1998 until February 2000. From February 1997 until his appointment as Vice Chairman, Mr. Ashken was the Chief Financial Officer and a director of Bolle. Mr. Ashken previously held positions as Chief Financial Officer and a director of Lumen Technologies, Inc. from May 1996 to December 1998 and Benson Eyecare Corporation from October 1992 to May 1996.

James E. Lillie, age 42, is President and Chief Operating Officer of the Company. Mr. Lillie joined the Company in August 2003 as Chief Operating Officer and assumed the additional title and responsibilities of President, effective January 2004. From 2000 to 2003, Mr. Lillie served as Executive Vice President of Operations at Moore Corporation, Limited, a diversified commercial printing and business communications company. From 1999 to 2000, Mr. Lillie served as Executive Vice President of Operations at Walter Industries, Inc., a Kohlberg, Kravis, Roberts & Company (KKR) portfolio company. From 1990 to 1999, Mr. Lillie held a succession of managerial human resources, manufacturing, finance and operations positions at World Color, Inc., another KKR portfolio company.

Desiree DeStefano, age 36, serves as the Company's Senior Vice President, working in the areas of finance, treasury, compliance and acquisitions. Ms. DeStefano joined the Company as Chief Transition Officer and Vice President in 2001. From 2000 to 2001, Ms. DeStefano served as Chief Financial Officer of Sports Capital Partners, a private equity investment fund. Ms. DeStefano served as Vice President of Bolle, Inc. from 1998 to 2000. From 1996 to 1998, Ms. DeStefano was Vice President of Lumen Technologies, Inc. prior to that, Ms. DeStefano held similar positions at Benson Eyecare Corporation and was an audit senior at Price Waterhouse LLP.

J. David Tolbert, age 43, is Vice President, Human Resources and Administration of the Company. From April 1997 to October 1998, Mr. Tolbert served as Vice President, Human Resources and Corporate Risk of the Company. From October 1993 to April 1997, Mr. Tolbert served as Director of Human Resources of the Company. Since

joining Ball Corporation in 1987, Mr. Tolbert served in various human resource and operating positions of Ball's and the Company's former Plastic Packaging division.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES

Jarden Corporation ("Jarden") common stock is traded on the New York Stock Exchange under the symbol "JAH." There were approximately 3,304 common stockholders of record on February 13, 2004. Jarden currently does not and does not intend to pay cash dividends on its common stock in the foreseeable future, and is restricted from doing so under the terms of its credit facility and the indenture governing its senior subordinated notes (See Management's Discussion and Analysis of Financial Condition and Results of Operations). Cash generated from operations will be used for general corporate purposes, including acquisitions and supporting organic growth.

The table below sets forth the high and low sales prices of the Company's common stock as reported on the New York Stock Exchange for the periods indicated. All prices have been adjusted to reflect the 3-for-2 stock split that occurred during the fourth quarter of 2003:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
2003				
- ----				
High	$ 18.83	$ 21.79	$ 26.84	$ 28.79
Low	$ 14.57	$ 16.97	$ 17.67	$ 23.38
2002				
- ----				
High	$ 10.00	$ 13.31	$ 18.31	$ 18.47
Low	$ 5.05	$ 8.83	$ 12.23	$ 13.33

ITEM 6. SELECTED FINANCIAL DATA

The following tables set forth our selected financial data as of and for the years ended December 31, 2003, 2002, 2001, 2000 and 1999. The selected financial data set forth below has been derived from our audited consolidated financial statements and related notes thereto where applicable for the respective fiscal years. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as our consolidated financial statements and notes thereto. These historical results are not necessarily indicative of the results to be expected in the future. The results of Tilia, Diamond Brands and Lehigh are included from April 1, 2002, February 1, 2003 and September 2, 2003, respectively.

	FOR THE YEAR ENDED DECEMBER 31,				
	2003 (a) (b)	2002 (c) (d)	2001 (e)	2000 (f)	1999 (g)
	(dollars in thousands, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 587,381	$ 367,104	$ 304,276	$ 356,123	$ 356,525
Costs and expenses:					
Cost of sales	362,379	216,629	232,634	274,248	256,201
Selling, general and administrative expenses	131,719	85,366	52,552	56,109	54,923
Restricted stock charge (k)	21,833	--	--	--	--
Goodwill amortization	--	--	5,153	6,404	4,605
Special charges and reorganization expenses (h)	--	--	4,978	380	2,314
Loss (gain) on divestiture of assets and product lines	--	--	122,887	--	(19,678)
Operating earnings (loss)	71,450	65,109	(113,928)	18,982	58,160
Interest expense, net	19,184	12,611	11,791	11,917	8,395
Loss from early extinguishment of debt (i)	--	--	--	--	1,663
Income tax provision (benefit)	20,488	16,189	(40,443)	2,402	18,823
Minority interest in gain (loss) of consolidated subsidiary	--	--	153	(259)	--
Income (loss) from continuing operations	31,778	36,309	(85,429)	4,922	29,279
Loss from discontinued operations	--	--	--	--	(87)
Net income (loss)	$ 31,778	$ 36,309	$ (85,429)	$ 4,922	$ 29,192
Basic earnings (loss) per share (j):					
Income (loss) from continuing operations	$ 1.40	$ 1.73	$ (4.47)	$ 0.26	$ 1.45
Loss from discontinued operations	--	--	--	--	(.01)
	$ 1.40	$ 1.73	$ (4.47)	$ 0.26	$ 1.44
Diluted earnings (loss) per share (j):					
Income (loss) from continuing operations	$ 1.35	$ 1.68	$ (4.47)	$ 0.26	$ 1.43
Loss from discontinued operations	--	--	--	--	(.01)
	$ 1.35	$ 1.68	$ (4.47)	$ 0.26	$ 1.42

	AS OF AND FOR THE YEAR ENDED DECEMBER 31,				
	2003 (a) (b)	2002 (c) (d)	2001 (e)	2000 (f)	1999 (g)
	(dollars in thousands)				
OTHER FINANCIAL DATA:					
EBITDA (k)	$ 86,495	$ 75,110	$ (95,284)	$ 40,552	$ 74,194
Cash flows from operations (l)	73,798	69,551	39,857	19,144	22,324
Depreciation and amortization	15,045	10,001	18,797	21,311	17,697
Capital expenditures	12,822	9,277	9,707	13,637	16,628
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 125,400	$ 56,779	$ 6,376	$ 3,303	$ 17,394
Working capital	242,039	101,557	8,035	22,975	54,611
Total assets	759,674	366,765	162,234	310,429	340,364
Total debt	387,382	216,955	84,875	137,060	140,761
Total stockholders' equity ...	249,905	76,764	35,129	118,221	123,025

(a) 2003 includes a non-cash restricted stock charge of $21.8 million. Adjusting for the non-cash restricted stock charge, the Company's diluted earnings per share for 2003 would have been $1.91. Diluted earnings per share, excluding the non-cash restricted stock charge is a non-GAAP financial measure and it is presented in this Form 10-K because it is a basis upon which our management has assessed its financial performance in 2003. Additionally, the Company's credit agreement has provided for the non-cash restricted stock charge to be excluded in calculations used for determining whether the Company is in compliance with certain credit agreement covenants. This calculation is a measure of the Company's performance that is not required by, or presented in accordance with, GAAP. As such it should not be considered as an alternative to diluted earnings per share in accordance with GAAP. A reconciliation of the calculation of diluted earnings per share, excluding the non-cash restricted stock charge, is presented below.

(b) The results of Diamond Brands and Lehigh are included from February 1, 2003 and September 2, 2003, respectively.

(c) The results of Tilia are included from April 1, 2002.

(d) 2002 includes a net release of a $4.4 million tax valuation allowance. Adjusting for the net release of the valuation allowance, the Company's diluted earnings per share for 2002 would have been $1.48. Diluted earnings per share, excluding the net release of the valuation allowance is a non-GAAP financial measure and it is presented in this Form 10-K because it is a basis upon which our management has assessed its financial performance in 2002. This calculation is a measure of the Company's performance that is not required by, or presented in accordance with, GAAP. As such it should not be considered as an alternative to diluted earnings per share in accordance with GAAP. A reconciliation of the calculation of diluted earnings per share, excluding the net release of the valuation allowance, is presented below.

(e) 2001 includes a $121.1 million pretax loss on the sale of thermoforming assets, a $2.3 million pretax charge associated with corporate restructuring, a $1.4 million pretax loss on the sale of the Company's interest in Microlin, LLC, $2.6 million of pretax separation costs related to the management reorganization, $1.4 million of pretax costs to evaluate strategic options, $1.4 million of pretax costs to exit facilities, a $2.4 million pretax charge for stock option compensation, $4.1 million of pretax income associated with the discharge of deferred compensation obligations and a $1.0 million pretax gain related to an insurance recovery.

(f) 2000 includes $1.6 million of pretax income associated with the reduction in long-term performance-based compensation, $1.4 million in pretax litigation charges, net of recoveries and $0.6 million of pretax costs to evaluate strategic options.

(g) 1999 includes a $19.7 million pretax gain on the sale of the plastic packaging product line and a $2.3 million pretax charge to exit a plastic thermoforming facility.

(h) Special charges and reorganization expenses, net were comprised of costs to evaluate strategic options, discharge of deferred compensation obligations, separation costs for former officers, stock option compensation, corporate restructuring costs, costs to exit facilities, reduction of long-term performance based compensation, litigation charges and items related to our divested thermoforming operations.

(i) Pursuant to our adoption of SFAS No. 145, results for the year ended December 31, 1999 have been restated to give effect to the reclassification of $1.6 million ($1.0 million, net of taxes) arising from the early extinguishment of debt previously presented as an extraordinary item.

(j) All earnings per share amounts have been adjusted to give effect to a 3-for-2 split of our outstanding shares of common stock that was effected during the fourth quarter of 2003.

(k) For the year ended December 31, 2003, EBITDA includes a non-cash restricted stock charge of $21.8 million. For the year ended December 31, 2001, EBITDA

includes a $122.9 million loss on divestiture of assets and product lines. EBITDA, a non-GAAP financial measure, is presented in this Form 10-K because the Company's credit facility and senior subordinated notes contain financial and other covenants which are based on or refer to the Company's EBITDA. Additionally, EBITDA is a basis upon which our management assesses financial performance and we believe it is frequently used by securities analysts, investors and other interested parties in measuring the operating performance and creditworthiness of companies with comparable market capitalization to the Company, many of which present EBITDA when reporting their results. Furthermore, EBITDA is one of the factors used to determine the total amount of bonuses available to be awarded to executive officers and other employees. EBITDA is widely used by the Company to evaluate potential acquisition candidates. While EBITDA is frequently used as a measure of operations and the ability to meet debt service requirements, it is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. Because of these limitations, EBITDA should not be considered a primary measure of the Company's performance and should be reviewed in conjunction with, and not as substitute for, financial measurements prepared in accordance with GAAP that are presented in this Form 10-K. A reconciliation of the calculation of EBITDA, is presented below.

(l) For the year ended December 31, 2002, cash flows from operations included $38.6 million of income tax refunds resulting primarily from the 2001 loss on divestiture of assets.

Reconciliations of non-GAAP Measures

	FOR THE YEAR ENDED DECEMBER 31,				
	2003	2002	2001	2000	1999
	(dollars in thousands, except per share data)				
Net income (loss)	$ 31,778	$ 36,309	$(85,429)	$ 4,922	$ 29,192
Add back: non-cash restricted stock charge, net of related tax benefit of $8,559	13,274	--	--	--	--
Less: net release of tax valuation allowance	--	(4,395)	--	--	--
Net income (loss), excluding non-cash restricted stock charge and related tax benefit and net release of tax valuation allowance	$ 45,052	$ 31,914	$(85,429)	$ 4 ,922	$ 29,192
Diluted earnings per share, excluding non-cash restricted stock charge and related tax benefit and net release of tax valuation allowance	$ 1.91	$ 1.48	$ (4.47)	$ 0.26	$ 1.42
Income (loss) from continuing operations	$ 31,778	$ 36,309	$(85,429)	$ 4,922	$ 29,279
Interest expense, net	19,184	12,611	11,791	11,917	8,395
Income tax provision (benefit)	20,488	16,189	(40,443)	2,402	18,823
Depreciation and amortization	15,045	10,001	18,797	21,311	17,697
EBITDA	$ 86,495	$ 75,110	$(95,284)	$ 40,552	$ 74,194

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following "Overview" section is a brief summary of the significant issues addressed in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"). Investors should read the relevant sections of this MD&A for a complete discussion of the issues summarized below. The entire MD&A should be read in conjunction with Item 6. Selected Financial Data and Item 8. Financial Statements and Supplementary Data appearing elsewhere in this Form 10-K.

OVERVIEW

We are a leading provider of niche consumer products used in and around the home, under well-known brand names including Ball(R), Bernardin(R), Crawford(R), Diamond(R), FoodSaver(R), Forster(R), Kerr(R), Lehigh(R) and Leslie-Locke(R). In North America, we are the market leader in several consumer categories, including plastic cutlery, home canning, home vacuum packaging, kitchen matches, rope, cord and twine and toothpicks. We also manufacture zinc strip and a wide array of plastic products for third party consumer product and medical companies as well as our own businesses.

Results of Operations

- Our net sales increased by $220.3 million or 60.0% over 2002;

- Our operating income increased by $6.3 million or 9.7% over 2002. Such increase was despite a $21.8 million non-cash restricted stock charge in 2003. Excluding this non-cash restricted stock charge our operating earnings increased by $28.2 million or 43.3% over 2002 (see "Non-GAAP Measure Reconciliations" below);

- Our net income decreased by $4.5 million or 12.5% compared to 2002 and our diluted earning per share was $0.33 or 19.6% lower than 2002. Our 2002 results were benefited by a net release of a $4.4 million tax valuation allowance. Absent the 2003 non-cash restricted stock charge of $21.8 million and related tax benefit and the 2002 tax valuation allowance, net income in 2003 would have been $45.1 million or 41.2% higher than net income of $31.9 million in 2002 and diluted earning per share would have been $1.91 in 2003 compared to $1.48 in 2002 (see "Non-GAAP Measure Reconciliations" below); and

- The increases to our net sales and our operating income discussed above, are principally the result of acquisitions we completed in 2003 and 2002, which are described in "Acquisitions and Dispositions" below. In addition, on an overall basis we had organic growth in 2003, most notably at our consumer solutions segment where we grew net revenues over 10% on a comparable basis to 2002.

Liquidity and Capital Resources

- We ended 2003 with a stronger balance sheet, as measured by net debt-to-total capitalization, and improved liquidity, as measured by cash and cash equivalents on hand and availability under our debt facility;

- Primarily through a $112.3 million equity offering, as well as our net income for the year we increased total stockholders equity from $76.8 million at December 31, 2002 to $249.9 million at December 31, 2003;

- Cash flow generated from operations was approximately $73.8 million in 2003 compared to $69.6 million in December 31, 2002. The 2002 amount included tax refunds of $38.6 million. Excluding the effect of the 2002 tax refunds, our cash flow from operations in 2003 was $42.8 million higher than 2002; and

- As of December 31, 2003, we had $125.4 million of cash and cash equivalents on hand and $64.9 million of availability under our debt facility. We are actively seeking acquisition opportunities in 2004 and would use such amounts plus cash generated from our operations and, if necessary, additional capital raised through financing activities, to finance any such acquisitions.

We intend the discussion of our financial condition and results of operations, including our acquisition and disposition activities, that follows to provide information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our financial statements.

ACQUISITIONS AND DISPOSITION ACTIVITIES

We have grown through strategic acquisitions of complementary businesses and expanding sales of our existing brands. Our strategy to achieve future growth is to acquire new businesses or brands that complement our existing product portfolio, sustain profitable internal growth and expand our international business.

On September 2, 2003, we acquired all of the issued and outstanding stock of Lehigh Consumer Products Corporation and its subsidiary ("Lehigh" and the "Lehigh Acquisition"). Lehigh is the largest supplier of rope, cord, and twine in the U.S. consumer marketplace and a leader in innovative storage and organization products and workshop accessories for the home and garage as well as in the security screen door and ornamental metal fencing market. The purchase price of the transaction was approximately $157.6 million, including transaction expenses. In addition, the Lehigh Acquisition includes an earn-out provision with a potential payment in cash or our common stock, at our sole discretion, of up to $25 million payable in 2006, provided that certain earnings performance targets are met. Lehigh is included in the branded consumables segment from September 2, 2003.

On February 7, 2003, we completed our acquisition of the business of Diamond Brands International, Inc. and its subsidiaries ("Diamond Brands" and the "Diamond Acquisition"), a manufacturer and distributor of niche household products, including plastic cutlery, clothespins, kitchen matches and toothpicks under the Diamond(R) and Forster(R) trademarks. The purchase price of this transaction was approximately $91.5 million, including transaction expenses. The acquired plastic manufacturing operation is included in the plastic consumables segment in 2003 and the acquired wood manufacturing operation and branded product distribution business is included in the branded consumables segment in 2003.

On April 24, 2002, we completed our acquisition of the business of Tilia International, Inc. and its subsidiaries ("Tilia" and the "Tilia Acquisition"). We acquired the business of Tilia for approximately $145 million in cash and $15 million in seller debt financing. In addition, the Tilia Acquisition includes an earn-out provision with a potential payment in cash or our common stock, at our sole discretion, of up to $25 million payable in 2005, provided that certain earnings performance targets are met.

Pro forma financial information relating to the Tilia Acquisition, the Diamond Acquisition and the Lehigh Acquisition has been included in Item 8. Financial Statements and Supplementary Data.

We also completed two tuck-in acquisitions in 2003. In the fourth quarter of 2003, we completed our acquisition of the VillaWare Manufacturing Company ("VillaWare"). VillaWare's results are included in the consumer solutions segment from October 3, 2003. In the second quarter of 2003, we completed our acquisition of O.W.D., Incorporated and Tupper Lake Plastics, Incorporated (collectively "OWD"). The branded product distribution operation acquired in the OWD acquisition is included in the branded consumables segment from April 1, 2003. The plastic manufacturing operation acquired in the OWD acquisition is included in the plastic consumables segment from April 1, 2003.

The results of VillaWare and OWD did not have a material effect on our results for the year ended December 31, 2003 and are not included in the pro forma financial information presented in Item 8. Financial Statements and Supplementary Data.

Effective November 26, 2001, we sold the assets of our Triangle, TriEnda and Synergy World plastic thermoforming operations ("TPD Assets") to Wilbert, Inc. for $21.0 million in cash, a non-interest bearing one-year note ("Wilbert Note") as well as the assumption of certain identified liabilities. The Wilbert Note of $1.6 million was repaid on November 25, 2002. In connection with this sale, we recorded a pre-tax loss of approximately $121.1 million in 2001. The proceeds from the sale were used to pay down our term debt under a previous credit agreement.

Effective November 1, 2001, we sold our majority interest in Microlin, LLC ("Microlin"), a developer of proprietary battery and fluid delivery technology, for $1,000 in cash plus contingent consideration based upon future performance through December 31, 2012 and the cancellation of future funding requirements. We recorded a pretax loss of $1.4 million in 2001 related to the sale.

NON-GAAP MEASURES

Net income and diluted earnings per share, excluding a non-cash restricted stock charge and a net release of our tax valuation allowance, are non-GAAP financial measures and they are presented in the "Results of Operations" sections below because these measures form the basis upon which our management has assessed the Company's financial performance in the years presented. Additionally, under our credit agreement the non-cash restricted stock charge is excluded in certain calculations used for determining whether we are in compliance with certain credit agreement covenants. These calculations are measures of our performance that are not required by, or presented in accordance with generally accepted accounting principles in the United States ("GAAP"). As such, these measures should not be considered as alternatives to net income or diluted earnings per share in accordance with GAAP. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures have been presented within the "Results of Operations" sections below.

RESULTS OF OPERATIONS - COMPARING 2003 TO 2002

We reported net sales of $587.4 million in 2003, a 60.0% increase from net sales of 367.1 million in 2002.

In 2003, our branded consumables segment reported net sales of $257.9 million compared to $111.2 million in 2002. This increase of 131.8% was principally the result of the Diamond Acquisition, effective February 1, 2003, and the Lehigh Acquisition, effective September 2, 2003. In addition, the acquisition of OWD in the second quarter of 2003, contributed to this increase. Excluding the effect of acquisitions, net sales for our branded consumables segment in 2003 were comparable to 2002.

Our consumer solutions segment reported net sales of $215.8 million compared to $145.3 million in net sales in 2002. This increase of 48.5% was principally the result of this segment being acquired in April 2002 and, therefore, net sales for 2003 reflect sales for the full year but net sales for 2002 reflect sales for only nine months of the year. Additionally, the acquisition of VillaWare in the fourth quarter of 2003 contributed to this increase. Furthermore, the year-on-year increase is a result of organic U.S. retail and international sales growth of over 10% for this segment in the last three quarters of 2003 compared to the same period in 2002.

In 2003, our plastic consumables segment reported net sales of $109.1 million compared to $70.6 million in 2002. The principal reason for this increase of 54.5% was intercompany sales generated by the addition of the plastic manufacturing business acquired in the Diamond Acquisition. In addition, the intercompany sales resulting from the OWD acquisition in the second quarter of 2003 also contributed to this increase. Excluding intercompany sales, net sales for the plastic consumables segment increased slightly in 2003 due to higher sales volumes with a number of customers, partially offset by the loss of sales to one large customer and a contractual sales price reduction with another large customer.

In 2003, our other segment reported net sales of $42.8 million compared to $41.0 million in 2002. The principal reason for this increase of 4.3% was an increase in sales to a major customer as a result of a contractual change whereby this segment took on the responsibility of purchasing the raw material inventory for the customer.

We reported operating earnings of $71.5 million in 2003 compared to operating earnings of $65.1 million in 2002. This increase of $6.4 million, or 9.7%, occurred despite the 2003 operating earnings being negatively impacted, as a result of a non-cash restricted stock charge of approximately $21.8 million. Excluding this non-cash restricted stock charge, operating earnings would have been $93.3 million in 2003 or $28.2 million higher than 2002. The principal reason for this increase of 43.3%, was that the branded consumables segment's operating earnings increased by $18.5 million from 2002 to 2003, due to the addition of the acquired Diamond Brands and Lehigh product lines, as well as an increase in organic operating earnings due to a favorable home canning sales mix resulting from increased sales of premium products. Also, the operating earnings of the consumer solutions segment increased by $10.9 million, principally due to (i) the acquisition of this business in April 2002; (ii) the acquisition of VillaWare in the fourth quarter of 2003 and (iii) increased organic net sales of over 10% in the final three quarters of 2003 relative to the comparable prior year periods, partially offset by increased litigation costs arising from an action that we are taking against certain competitors who we believe have infringed on our intellectual property. Operating earnings in 2003 for our plastic consumables segment were approximately $0.5 million higher than the same period

in the prior year due to the earnings effect from the intercompany sales, partially offset by lower gross margins resulting from the changes in net sales discussed above. Operating earnings in 2003 for our other segment were $0.8 million lower compared to the same period in the prior year due to a greater amount of net sales having lower gross margins principally due to the contractual change with one major customer as discussed above.

Gross margin percentages on a consolidated basis decreased to 38.3% in 2003 from 41.0% in 2002. The primary reason for these lower gross margins is the addition of the relatively lower gross margin Diamond Brands and Lehigh product lines. This effect is partially offset by the benefit of including the higher gross margins of the acquired consumer solutions business for the full year in 2003 but only nine months of the year in 2002.

Selling, general and administrative expenses increased to $131.7 million in 2003 from $85.4 million in 2002, or, as a percentage of net sales, decreased to 22.4% in 2003 from 23.3% in 2002. The increase in dollar terms was principally the result of the acquisitions completed during 2003 and 2002. Also, the selling, general and administrative expenses increased, in part, due to higher marketing expenditures and legal costs. The decrease in percentage terms was principally due to the addition of the Diamond Brands and Lehigh product lines, which have relatively lower selling, general and administrative expenses as a percentage of net sales compared to those of our consumer solutions segment.

During the fourth quarter of 2003, we recorded a non-cash restricted stock charge of approximately $21.8 million relating to the lapsing of restrictions over restricted stock issuances to certain officers. We received a tax deduction for this non-cash restricted stock charge.

Net interest expense increased to $19.2 million in 2003 compared to $12.6 million in 2002. This increase resulted from higher levels of outstanding debt in 2003 compared to the same period in 2002, principally due to (i) the principal on the $150 million of our 9 3/4% senior subordinated notes ("Notes") issued in connection with the Tilia Acquisition being outstanding for the entire twelve months of 2003 as compared to only nine months of 2002, (ii) the additional respective financings in 2003 in connection with the Diamond Acquisition and the Lehigh Acquisition, and (iii) the issuance of an additional $30 million principal amount of Notes in 2003. Our weighted average interest rate in 2003 of 6.2% was lower than our weighted average interest rate of 7.0% in 2002.

Our effective tax rate in 2003 was 39.2% compared to an effective tax rate of 30.8% in 2002. At December 31, 2001, we had federal net operating losses that were recorded as a deferred tax asset with a valuation allowance of $5.4 million. Due to the impact of the Job Creation Act and the tax refunds that we received as a result, a net $4.4 million of this valuation allowance was released in 2002 resulting in an income tax provision of $16.2 million. Excluding the release of this valuation allowance our effective tax rate would also have been approximately 39.2% in 2002.

Net income in 2003 increased 41% to $45.1 million, or $1.91 per diluted share, excluding the non-cash restricted stock charge and related tax benefit discussed above, compared to net income in 2002 of $31.9 million, or $1.48 per diluted share, which excludes the tax benefit resulting from the net release of the $4.4 million valuation allowance that is also discussed above.

The reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is as follows:

(in thousands, except per share amounts):	YEAR ENDED DECEMBER 31, 2003	2002
Net income	$ 31,778	$ 36,309
Add back: non-cash restricted stock charge, net of related tax benefit of $8,559	13,274	--
Less: net release of tax valuation allowance	--	(4,395)
Net income, excluding non-cash restricted stock charge and related tax benefit and net release of tax valuation allowance	$ 45,052	$ 31,914
Diluted earnings per share, excluding non-cash restricted stock charge and related tax benefit and net release of tax valuation allowance	$ 1.91	$ 1.48

RESULTS OF OPERATIONS - COMPARING 2002 TO 2001

We reported net sales of $367.1 million in 2002, an increase of 20.6% from net sales of $304.3 million in 2001. From April 1, 2002 until December 31, 2002, our consumer solutions segment, which consisted of the newly acquired Tilia business, generated net sales of $145.3 million. Our branded consumables segment reported net sales of $111.2 million in 2002 compared to $119.9 million in 2001. Net sales were $8.7 million or 7.3% lower than 2001, principally due to severe drought weather conditions during summer 2002 in the South, Southeast and West Central regions of the United States. Our plastic consumables segment reported net sales of $70.6 million in 2002 compared to $139.9 million in 2001. The principal cause of the $69.3 million decrease was the divestiture of the TPD Assets and Microlin, which accounted for $63.3 million of such change (after adjusting for $1.2 million of intercompany sales to these businesses). The remaining $6.0 million is principally due to lower tooling sales and a contractual sales price reduction to a significant customer. In our other segment, net sales decreased to $41.0 million in 2002 from $45.5 million in 2001, primarily due to a reduction in sales to the United States Mint in connection with its inventory reduction program for all coinage.

We reported operating income of $65.1 million for 2002. These results compare to an operating loss of $113.9 million for 2001, which included special charges and reorganization expenses of $5.0 million and a loss on divestitures of assets and product lines of $122.9 million. All of our segments generated increases in operating income in 2002 from 2001, with the exception of the other segment, which had a small decrease but still maintained a constant operating income percentage of net sales in 2002. From April 1, 2002 until December 31, 2002, our consumer solutions segment, which consists of the acquired Tilia business, generated operating income of $31.7 million. Operating income for our branded consumables and plastic consumables segments increased by $4.7 million and $14.4 million, respectively, in 2002 compared to 2001. The other factors that contributed to these favorable operating income results are discussed in the following two paragraphs.

Gross margin percentages on a consolidated basis increased to 41.0% in 2002 from 23.5% in 2001, reflecting the higher gross margins of the acquired home vacuum packaging business in 2002, the lower gross margins of the disposed TPD Assets and Microlin businesses which were disposed in 2001, a $1.5 million charge for slow moving inventory in the branded consumables segment in 2001 and cost efficiency increases in our plastic consumables segment. These increases were partially offset by lower gross margins in the branded consumables segment caused by the lower sales volume.

Selling, general and administrative expenses increased to $85.4 million in 2002 from $52.6 million in 2001, or, as a percentage of net sales increased to 23.3% in 2002 from 17.3% in 2001. This increase was principally due to the acquisition of the home vacuum packaging business, which accounted for an additional $46.3 million of selling, general and administrative expenses, and because of company-wide increased performance-based compensation expenses related to our strong financial performance in 2002. Partially offsetting this were decreases in selling, general and administrative expenses in our branded consumables, plastic consumables and other segments. Expenses within the branded consumables segment decreased due to lower selling expenses associated with the decrease in net sales discussed above. Expenses within our plastic consumables segment decreased primarily due to the divestiture

of TPD Assets and Microlin, which accounted for $11.7 million of this decline, and lower expenses in the remaining business of the segment.

We incurred net special charges and reorganization expenses of $5.0 million in 2001, consisting of $0.8 million in costs to exit facilities, $2.4 million in stock option compensation, $2.3 million in corporate restructuring costs, $2.6 million in separation costs for former executive officers and $1.4 million of costs to evaluate strategic options, partially offset by $4.1 million in pre-tax income related to the discharge of certain deferred compensation obligations and $0.4 million of income for items related to the divested TPD Assets.

As a result of the adoption of SFAS No. 142, we did not record goodwill amortization in 2002. Goodwill amortization of approximately $5.2 million had been recorded in 2001.

Net interest expense in 2002 was $12.6 million compared to $11.8 million for 2001, primarily due to the additional indebtedness assumed pursuant to the Tilia Acquisition, partially offset by the write-off in 2001 of $1.5 million of previously deferred debt issuance costs in November 2001 in conjunction with the amendment to our credit facility effected in connection with the TPD Assets sale. During 2002, we had a lower weighted average interest rate than the prior year, which was more than offset by higher average borrowings outstanding.

Our effective tax rate was 30.8% in 2002 compared to 32.2% in 2001. At December 31, 2001, we had federal net operating losses that were recorded as a deferred tax asset with a valuation allowance of $5.4 million. Due to the impact of the Job Creation Act and the tax refunds that we received as a result, a net $4.4 million of this valuation allowance was released in 2002 resulting in an income tax provision of $16.2 million. Our net income for 2002 would have been $31.9 million or $1.47 diluted earnings per share if this valuation allowance release was excluded as per the reconciliation shown in "Results of Operations - 2003 to 2002" above. Excluding the release of this valuation allowance, our effective tax rate was approximately 39.2% in 2002. The effective tax rate in 2001 was lower than the statutory federal rate due to the valuation allowance described above.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

2003 Activity

During 2003, the following changes were made to our capital resources:

- we completed a public offering of approximately 4.8 million shares of our common stock at $24.67 per share (stock-split adjusted), the proceeds from which, net of underwriting fees and related expenses, totaled approximately $112.3 million;
- we amended and restated our existing senior credit facility ("Amended Credit Agreement"), which currently provides for a senior credit facility of up to $280 million of senior secured loans, consisting of a $70 million five-year revolving credit facility, a $60 million five-year term loan facility, and a new $150 million five-year term loan facility;
- we issued an additional $30 million of Notes at a price of 106.5% of face value and received gross proceeds of approximately $32.0 million;
- in conjunction with the timing of the issuance of the 9 3/4% senior subordinated notes, we entered into a $30 million interest rate swap to receive a fixed rate of interest and pay a variable rate of interest based upon London Interbank Offered Rate ("LIBOR");
- we issued an aggregate of 569,700 restricted shares of common stock under our 2003 Stock Incentive Plan;
- approximately $5.2 million in loans to certain officers and accrued interest thereon were repaid in full by those officers with shares of our common stock;
- we entered into a $37 million interest rate swap to receive a floating rate of interest and pay a fixed rate of interest;
- we received $3.2 million of cash proceeds, including $1 million of accrued interest, for unwinding our $75 million interest rate swap and contemporaneously replacing it with a new $75 million interest rate swap; and
- we repaid $10 million of seller debt financing.

Specifically, on September 30, 2003, we completed a public offering ("Offering") of approximately 4.8 million shares of our common stock at $24.67 per share. Proceeds from the Offering, net of underwriting fees and related expenses, totaled approximately $112.3 million. We currently intend to use the net proceeds for general corporate purposes, including, but not limited to, potential future acquisitions and debt repayment. Our Amended Credit Agreement does not require us to prepay debt with any of the net proceeds received from the Offering.

Our Amended Credit Agreement provides for up to $280 million of senior secured loans, consisting of a $70 million revolving credit facility, a $60 million term loan facility, and a newly issued $150 million term loan facility. The new term loan facility bears interest at a rate equal to (i) the Eurodollar Rate (as determined by the Administrative Agent) pursuant to an agreed formula or (ii) a Base Rate equal to the higher of (a) the Bank of America prime rate and (b) the federal funds rate plus 50%, plus, in each case, an applicable margin of 2.75% per annum for Eurodollar loans and 1.75% per annum for Base Rate loans. The pricing and principal of the revolving credit facility and the previously existing term loan did not change. The revolving credit facility continues to have a $15 million letters of credit sublimit and a $10 million swing line loans sublimit. On September 2, 2003, we drew down the full amount of the new $150 million term loan facility, which funds were used principally to pay the majority of the cash consideration for the Lehigh Acquisition. Our Amended Credit Agreement matures on April 24, 2008.

The Amended Credit Agreement contains certain restrictions on the conduct of our business, including, among other things restrictions, generally, on:

- incurring debt;
- disposing of certain assets;
- making investments;
- exceeding certain agreed upon capital expenditures;
- creating or suffering liens;
- completing certain mergers;
- consolidations and sales of assets and, with permitted exceptions, acquisitions;
- declaring dividends;
- redeeming or prepaying other debt; and
- certain transactions with affiliates.

The Amended Credit Agreement also includes financial covenants that require us to maintain certain leverage and fixed charge ratios and a minimum net worth.

As of December 31, 2003, we had $199.6 million outstanding under the term loan facilities and no outstanding amounts under the revolving credit facility of the Amended Credit Agreement. As of December 31, 2003, our weighted average interest rate on this outstanding amount was 4.0%. As of December 31, 2003, net availability under the revolving credit facility was approximately $64.9 million, after deducting $5.1 million of issued letters of credit. We are required to pay commitment fees on the unused balance of the revolving credit facility.

On May 8, 2003, we issued an additional $30 million of Notes (bringing to a total $180 million of Notes issued and outstanding, including the 2002 issuance discussed below). The net proceeds of the offering were used to reduce the outstanding revolver balances under our senior credit facility. The Notes were issued at a price of 106.5% of face value and we received approximately $32.0 million in gross proceeds from the issuance. As a result of an exchange offer completed on December 2, 2003, all of the Notes are governed by an indenture, dated as of April 24, 2002, as supplemented ("April 2002 Indenture"). Significant terms of the Notes and the April 2002 Indenture are discussed under "2002 and 2001 Activity".

On May 6, 2003, we entered into a $30 million interest rate swap ("New Swap") to receive a fixed rate of interest and pay a variable rate of interest based upon LIBOR. The New Swap is a swap against our Notes.

We record non-cash compensation expense for our issued and outstanding restricted stock either when the restrictions lapse or ratably over time, when the passage of time is the only restriction. During the fourth quarter of

2003, we recorded a non-cash restricted stock charge of approximately $21.8 million related to the lapsing of restrictions over all the restricted stock issuances to Messrs. Martin E. Franklin (our Chairman and Chief Executive Officer), Ian G.H. Ashken (our Vice-Chairman and Chief Financial Officer) and James E. Lillie (our President and Chief Operating Officer), discussed immediately below and in "2002 and 2001 Activity" also below. We will receive a tax deduction for this non-cash restricted stock charge.

During 2003, we issued 375,000, 135,000 and 52,500 shares of restricted stock to Messrs. Franklin, Ashken and Lillie, respectively. We issued these shares under our 2003 Stock Incentive Plan and out of our treasury stock account. During 2003, all of these restricted stock issuances either provided or were amended to provide that the restrictions lapse upon the earlier of (i) a change in control; or (ii) the earlier of our common stock achieving a closing price of $28 (up from $23.33) or us achieving annualized revenues of $800 million. However, if such restrictions were to lapse during a period when Messrs. Franklin, Ashken and Lillie were subject to additional contractual limitations on the sale of securities, the restrictions on such shares would continue until the expiration or waiver of such additional contractual limitations. As discussed above, during the fourth quarter of 2003, all such restrictions lapsed which resulted in a restricted stock charge.

During 2003, we also issued 7,200 shares of restricted stock to certain other employees. The restrictions on these shares will lapse ratably over five years of employment with us.

In January 2002, Messrs. Franklin and Ashken exercised 900,000 and 450,000 non-qualified stock options, respectively, which had been granted under our 2001 Stock Option Plan. These shares were issued out of our treasury stock account. The exercises were accomplished via loans from us under our Executive Loan Program. The principal amounts of the loans were $3.3 million and $1.6 million, respectively, and bore interest at 4.125% per annum. The loans were due on January 23, 2007 and were classified within the stockholders' equity section. The loans could be repaid in cash, shares of our common stock, or a combination thereof. In February 2003, Mr. Ashken surrendered to us shares of our common stock to repay $0.3 million of his loan. On April 29, 2003, Messrs. Franklin and Ashken each surrendered to us shares of our common stock to repay in full all remaining principal amounts and accrued interest owed under their respective loans. We will not make any additional loans under the Executive Loan Program.

Effective April 2, 2003, we entered into an interest rate swap that converted $37 million of floating rate interest payments under our term loan facility for a fixed obligation that carries an interest rate, including applicable margin, of 4.25% per annum. The swap has interest payment dates that are the same as the term loan facility and it matures on September 30, 2004. The swap is considered to be a cash flow hedge and is also considered to be an effective hedge against changes in the fair value of our floating-rate debt obligation for both tax and accounting purposes. Gains and losses related to the effective portion of the interest rate swap are reported as a component of other comprehensive income and will be reclassified into earnings in the same period that the hedged transaction affects earnings.

In March 2003, we unwound a $75 million interest rate swap to receive a fixed rate of interest and pay a variable rate of interest based upon LIBOR and contemporaneously entered into a new $75 million interest rate swap ("Second Replacement Swap"). Like the swap that it replaced, the Second Replacement Swap is a swap against our Notes. The Second Replacement Swap has a maturity date that is the same as the Notes. Interest is payable semi-annually in arrears on May 1 and November 1. We have accrued interest on the swap at an effective rate of 6.38%.

In return for unwinding the swap, we received $3.2 million of cash proceeds. Of this amount, approximately $1 million of such proceeds related to accrued interest that was owed to us at such time. The remaining $2.2 million of proceeds is being amortized over the remaining life of the Notes as a credit to interest expense and the unamortized balances are included in our Consolidated Balance Sheet as an increase to the value of the long-term debt. We are exposed to credit loss in the event of non-performance by the other party to the Second Replacement Swap, a large financial institution, however, we do not anticipate non-performance by the other party. The fair market value of our interest rate swaps as of December 31, 2003 was against us in an amount of approximately $2.6 million and is included as a non-current liability in our Consolidated Balance Sheet, with a corresponding offset to long-term debt.

During 2003, we repaid seller debt financing, incurred in connection with the Tilia Acquisition, in the principal amount of $10 million. The remaining seller debt financing consists of a non-interest bearing note in the principal amount of $5 million, bearing interest at 5%, which is due on April 24, 2004.

In January 2003, we filed a shelf registration statement, which was declared effective by the Securities and Exchange Commission on January 31, 2003. This shelf registration statement was intended to facilitate our access to growth capital for future acquisitions and allowed us to sell over time up to $150 million of common stock, preferred stock, warrants, debt securities, or any combination of these securities in one or more separate offerings in amounts, at prices and on terms to be determined at the time of the sale. The equity offering completed in September 2003 and the $30 million of Notes issued in May 2003, were covered by our shelf registration statement and, in the aggregate, constituted the issuance of approximately $150 million in registered securities. Accordingly, no further issuances will be made under this registration statement.

During 2003, we incurred costs in connection with the issuance of the Notes and the Amended Credit Agreement of approximately $5.9 million.

2002 and 2001 Activity

In April 2002, in connection with the Tilia Acquisition we made an offering of $150 million of Notes to qualified institutional buyers in a private placement pursuant to Rule 144A under the Securities Act of 1933. The Notes were issued at a discount such that we received approximately $147.7 million in net proceeds. The Notes are scheduled to mature on May 1, 2012, however, on or after May 1, 2007, we can redeem all or part of the Notes at any time at a redemption price ranging from 100% to 104.875% of the principal amount, plus accrued and unpaid interest and liquidated damages, if any. Prior to May 1, 2005, we may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds from certain public equity offerings at a redemption price of 109.75% of the principal amount, plus accrued and unpaid interest and liquidated damages, if any. Interest on the Notes accrues at the rate of 9.75% per annum and was payable semi-annually in arrears on May 1 and November 1, with the first payment having occurred on November 1, 2002. The April 2002 Indenture governing the Notes also contains certain restrictions on the conduct of our business.

Prior to the new Amended Credit Agreement, we entered into a credit agreement in connection with the Tilia Acquisition ("Old Credit Agreement"). The Old Credit Agreement was scheduled to mature on April 24, 2007. The revolving credit facility and the term loan facility bore interest at a rate equal to (i) the Eurodollar Rate pursuant to an agreed formula or (ii) a Base Rate equal to the higher of (a) the Bank of America prime rate and (b) the federal funds rate plus .50%, plus, in each case, an applicable margin ranging from 2.00% to 2.75% for Eurodollar Rate loans and from .75% to 1.5% for Base Rate loans. The Old Credit Agreement contained restrictions on the conduct of our business similar to the Amended Credit Agreement. The Old Credit Agreement was replaced by the Amended Credit Agreement.

Until it was replaced by the Old Credit Agreement on April 24, 2002, our senior credit facility, as amended provided for a revolving credit facility of $40 million and a term loan which amortized periodically as required by the terms of the agreement. Interest on borrowings under the term loan and the revolving credit facilities were based upon fixed increments over adjusted LIBOR or the agent bank's alternate borrowing rate as defined in the agreement. The agreement also required the payment of commitment fees on the unused balance. During the first quarter of 2002, approximately $38 million of tax refunds we received were used to repay a portion of the outstanding amounts under this credit agreement.

In conjunction with the Notes, on April 24, 2002, we entered into a $75 million interest rate swap ("Initial Swap") to receive a fixed rate of interest and pay a variable rate of interest based upon LIBOR. The Initial Swap had a maturity date that was the same as the Notes. Interest was payable semi-annually in arrears on May 1 and November 1, commencing on November 1, 2002. The initial effective rate of interest that we established on this swap was 6.05%.

Effective September 12, 2002, we entered into an agreement, whereby we unwound the Initial Swap and contemporaneously entered into a new $75 million interest rate swap ("First Replacement Swap"). The First

Replacement Swap had the same terms as the Initial Swap, except that we were required to pay a variable rate of interest based upon 6 month LIBOR in arrears. The spread on this contract was 470 basis points. Based upon this contract, we paid an effective interest rate of 6.32% on November 1, 2002. In return for unwinding the Initial Swap, we received $5.4 million in cash proceeds, of which $1 million related to accrued interest that was owed to us. The remaining $4.4 million of proceeds is being amortized over the remaining life of the Notes as a credit to interest expense and is included in our consolidated balance sheet as an increase to the value of the long-term debt. Such amortization amount offsets the increased effective rate of interest that we pay on the Second Replacement Swap. The First Replacement Swap was superceded by the Second Replacement Swap, as discussed above.

All of our swaps have been and, where applicable, are considered to be effective hedges against changes in the fair value of our fixed-rate debt obligation for both tax and accounting purposes.

During 2002, we issued 150,000 and 60,000 shares of restricted stock to Messrs. Franklin and Ashken, respectively, under our 1998 Long-Term Equity Incentive Plan, as amended and restated, and out of our treasury stock account. During 2003, the restricted stock issuances were amended to provide that the restrictions would lapse upon the same terms as the 2003 restricted stock issuances discussed in "2003 Activity" above. Also, as discussed in "2003 Activity" above, during the fourth quarter of 2003 all such restrictions lapsed and we recorded a restricted stock charge.

During 2002 and 2001, we also issued 5,250 and 1,500, respectively, of shares of restricted stock to certain other employees. The restrictions on these shares will lapse ratably over five years of employment with us.

During 2002, we incurred costs in connection with the issuance of the Notes and the Old Credit Agreement of approximately $7.4 million.

Working Capital

Working capital (defined as current assets less current liabilities) increased to approximately $242.0 million at December 31, 2003, from approximately $101.6 million at December 31, 2002, due primarily to:

- the working capital of our acquired businesses; and
- increased cash on hand amounts caused by the equity offering, our favorable operating results and the new financing relationships discussed above, being only partially offset by amounts used to fund our 2003 acquisitions.

Cash Flows from Operations

Cash flow generated from operations was approximately $73.8 million for the year ended December 31, 2003 compared to $69.6 million for the year ended December 31, 2002. The 2002 amount included tax refunds of $38.6 million. Excluding the effect of the 2002 tax refunds, our cash flow from operations in 2003 was $42.8 million higher than 2002. This increase was principally due to an increase in net income, excluding the non-cash restricted stock charge, of $17.4 million in 2003 compared to 2002 and lower working capital movements in 2003.

Our statement of cash flows is prepared using the indirect method. Under this method, net income is reconciled to cash flows from operating activities by adjusting net income for those items that impact net income but do not result in actual cash receipts or payments during the period. These reconciling items include depreciation and amortization, changes in deferred tax items, non-cash compensation, non-cash interest expense, charges in reserves against accounts receivable and inventory and changes in the balance sheet for working capital from the beginning to the end of the period.

Capital Expenditures

Capital expenditures were $12.8 million in 2003 compared to $9.3 million for 2002 and are largely related to installing a new information system for our consumer solutions segment, maintaining facilities, tooling projects, improving manufacturing efficiencies, other new information systems and a portion of the costs of the installation of

new packaging lines for the branded consumables segment. As of December 31, 2003, we had capital expenditure commitments in the aggregate for all our segments of approximately $2.2 million, of which $0.8 million related to the completion of the new packaging lines for the branded consumables segment.

Cash and Financing Availability

We believe that our cash and cash equivalents on hand, cash generated from our operations and our availability under our senior credit facility is adequate to satisfy our working capital and capital expenditure requirements for the foreseeable future. However, we may raise additional capital from time to time to take advantage of favorable conditions in the capital markets or in connection with our corporate development activities.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table includes aggregate information about our contractual obligations as of December 31, 2003 and the periods in which payments are due. Certain of these amounts are not required to be included in our consolidated balance sheet:

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD (MILLIONS OF DOLLARS)				
		LESS THAN			AFTER 5
	TOTAL	1 YEAR	1-3 YEARS	3-5 YEARS	YEARS
Long-term debt, including scheduled interest payments (1)	$ 531.2	$ 39.7	$ 75.6	$ 188.8	$ 227.1
Operating leases	21.1	7.7	10.5	2.9	--
Unconditional purchase obligations	2.2	2.2	--	--	--
Other non-current obligations	1.3	1.0	0.3	--	--
Total	$ 555.8	$ 50.6	$ 86.4	$ 191.7	$ 227.1

(1) The debt amounts are based on the principal payments that will be due upon their maturity as well as scheduled interest payments. Interest payments on our variable debt have been calculated based on their scheduled payment dates and using the weighted average interest rate on our variable debt as of December 31, 2003. Interest payments on our fixed rate debt are calculated based on their scheduled payment dates. The debt amounts exclude approximately $2.6 million of non-debt balances arising from the interest rate swap transactions described in Item 8. Note 16. Financial Statements and Supplementary Data.

Commercial commitments are items that we could be obligated to pay in the future and are not included in the above table:

- As of December 31, 2003, we had $5.1 million in standby and commercial letters of credit that all expire in 2004;
- In connection with a 2003 acquisition, we may be obligated to make future contingent payments of up to $3.2 million in 2004, provided that certain financial targets are met;
- In connection with the Tilia Acquisition, we may be obligated to pay an earn-out in cash or our common stock of up to $25 million in 2005, provided that certain earnings performance targets are met;
- In connection with the Lehigh Acquisition, we may be obligated to pay an earn-out in cash or our common stock of up to $25 million in 2006, provided that certain earnings performance targets are met; and
- In connection with a contract we have entered into to acquire additional intellectual property, we may be obligated to pay up to $7.5 million between 2004 and 2009, providing certain contractual obligations, including the issuance of patents amongst other things, are satisfied.

These amounts are not required to be included in our Consolidated Balance Sheet.

OFF-BALANCE-SHEET ARRANGEMENTS

As of December 31, 2003, we did not have any significant off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

RECENT DEVELOPMENTS

On February 24, 2004, we executed a securities purchase agreement to acquire all of the capital stock of Bicycle Holding, Inc. ("BHI"), including its wholly owned subsidiary United States Playing Card Company ("USPC"), a privately held leading producer and distributor of premium playing cards, including the Bee(R), Bicycle(R), Aviator(R) and Hoyle(R) brands, for approximately $232 million. The transaction is expected to close by the third quarter of 2004, subject to Hart-Scott-Rodino approval, gaming industry related regulatory approvals, BHI shareholder execution and approval and other conditions. USPC is the largest manufacturer and distributor of playing cards, children's card games, collectible tins, puzzles and card accessories for the North American retail market and through its subsidiaries, including USPC, BHI is the largest supplier of premium playing cards to casinos worldwide. It is anticipated that we will purchase not less than 75% of the capital stock of BHI at closing and that the remainder of the capital stock will be purchased according to the terms of a put/call agreement within one year of closing. In addition to the purchase price, the agreement includes an earn-out provision with a total potential payment in cash or our common stock of up to $10 million based on achieving future growth targets. If paid, we expect to capitalize the cost of the earn-out. No assurances can be given that the acquisition of BHI will be consummated or, if such acquisition is consummated, as to the final terms of such acquisition. Copies of the purchase agreement and related put/call agreement are attached to this report as Exhibits 2.7 and 2.8, respectively, and are incorporated herein by reference as though fully set forth herein. The foregoing summary description of the purchase agreement, the put/call agreement and the transactions contemplated thereby are not intended to be complete and are qualified in their entirety by the complete texts of the purchase agreement and the put/call agreement.

CRITICAL ACCOUNTING POLICIES

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require us to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The following list of critical accounting policies is not intended to be a comprehensive list of all our accounting policies. Our significant accounting policies are more fully described in Note 1. to Item 8. Financial Statements and Supplementary Data. The following represents a summary of our critical accounting policies, defined as those policies that we believe are the most important to the portrayal of our financial condition and results of operations, and/or require management's significant judgments and estimates:

Revenue recognition and allowances for product returns

We recognize revenue when title transfers. In most cases, title transfers at the time product is shipped to customers. We allow customers to return defective or damaged products as well as certain other products for credit, replacement, or exchange. Our revenue is recognized as the net amount to be received after deducting estimated amounts for product returns, discounts, and allowances. We estimate future product returns based upon historical return rates and our judgment. If these estimates do not properly reflect future returns, they could be revised.

Allowance for accounts receivable

We maintain an allowance for doubtful accounts for estimated losses that may result from the inability of our customers to make required payments. That estimate is based on historical collection experience, current economic and market conditions, and a review of the current status of each customer's trade accounts receivable. If the financial condition of our customers were to deteriorate or our judgment regarding their financial condition was to change negatively, additional allowances may be required resulting in a charge to income in the period such determination was made. Conversely, if the financial condition of our customers were to improve or our judgment regarding their financial condition was to change positively, a reduction in the allowances may be required resulting in an increase in income in the period such determination was made.

Allowance for inventory obsolescence

We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by us, additional inventory write-downs may be required resulting in a charge to income in the period such determination was made. Conversely, if actual market conditions are more favorable than those projected by us, a reduction in the write down may be required resulting in an increase in income in the period such determination was made.

Deferred tax assets

We record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Likewise, should we determine that we would be able to realize our deferred tax assets in the future in excess of our net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made.

Intangible assets

We have significant intangible assets on our balance sheet that include goodwill, trademarks and other intangibles fair valued in conjunction with acquisitions. The valuation and classification of these assets and the assignment of amortizable lives involves significant judgments and the use of estimates. The testing of these intangibles under established guidelines for impairment also requires significant use of judgment and assumptions (such as cash flows, terminal values and discount rates). Our assets are tested and reviewed for impairment on an ongoing basis under the established accounting guidelines. Changes in business conditions could potentially require adjustments to these asset valuations.

CONTINGENCIES

We are involved in various legal disputes in the ordinary course of business. In addition, the Environmental Protection Agency has designated our Company as a potentially responsible party, along with numerous other companies, for the clean up of several hazardous waste sites. Based on currently available information, we do not believe that the disposition of any of the legal or environmental disputes our Company is currently involved in will require material capital or operating expenditures or will otherwise have a material adverse effect upon the financial condition, results of operations, cash flows or competitive position of our Company. It is possible, that as additional information becomes available, the impact on our Company of an adverse determination could have a different effect.

NEW ACCOUNTING PRONOUNCEMENTS

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 145, Recision of SFAS Nos. 4, 44 and 64, Amendment of SFAS No. 13, and Technical Corrections as of April 2000. SFAS No. 145 revises the criteria for classifying the extinguishment of debt as extraordinary and the accounting treatment of certain lease modifications. SFAS No. 145 was effective in fiscal 2003 and did not have a material impact on our consolidated financial statements. We conformed to the requirements of SFAS No. 145 in our Item 6. Selected Financial Data disclosure in connection with the early extinguishment of debt that occurred in 1999.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 provides guidance on the timing of the recognition of costs associated with exit or disposal activities. The new guidance requires costs associated with exit or disposal activities to be recognized when incurred. Previous guidance required recognition of costs at the date of commitment to an exit or disposal plan. The provisions of the statement were effective for any exit or disposal activities initiated after December 31, 2002. The adoption of SFAS No. 146 had no impact on our financial condition or results of operations.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 is generally effective for contracts entered into or modified and for hedging relationships designed after June 30, 2003. The adoption of SFAS No.149 did not have a material effect on our present financial condition or results of operations.

FORWARD-LOOKING STATEMENTS

From time to time, we may make or publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, and similar matters. Such statements are necessarily estimates reflecting management's best judgment based on current information. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Such statements are usually identified by the use of words or phrases such as "believes," "anticipates," "expects," "estimates," "planned," "outlook" and "goal." Because forward-looking statements involve risks and uncertainties, our actual results could differ materially. In order to comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements.

While it is impossible to identify all such factors, the risks and uncertainties that may affect the operations, performance and results of our business include the following:

- Our significant indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations;
- We will require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control;
- Reductions, cancellations or delays in customer purchases would adversely affect our profitability;
- We may be adversely affected by the financial health of the U.S. retail industry;
- We may be adversely affected by the trend towards retail trade consolidation;
- Sales of some of our products are seasonal and weather related;
- Competition in our industries may hinder our ability to execute our business strategy, sustain profitability, or maintain relationships with existing customers;
- If we fail to develop new or expand existing customer relationships, our ability to grow our business will be impaired;
- Our operations are subject to a number of Federal, state and local environmental regulations;
- We may be adversely affected by remediation obligations mandated by applicable environmental laws;
- We depend on key personnel;
- Claims made against us based on product liability could have a material adverse effect on our business;
- We enter into contracts with the United States government and other governments;
- Our operating results can be adversely affected by changes in the cost or availability of raw materials;

- We may experience difficulty in integrating acquired businesses, which may interrupt our business operations;

- Our business may be adversely affected by certain of our customers seeking to directly source lower-cost imported products;

- Continuation of the United States penny as a currency denomination;

- Our business could be adversely affected because of risks associated with international operations;

- Our failure to successfully protect our intellectual property rights could have a material adverse effect on our business;

- Terrorist acts or acts of war may cause damage or disruption to Jarden, our suppliers or our customers which could significantly impact our revenue, costs and expenses and financial condition;

- We may be adversely affected by problems that may arise between certain of our vendors, customers, and transportation services that we rely on and their respective labor unions that represent certain of their employees;

- Certain of our employees are represented by labor unions; and

- Any other factors which may be identified from time to time in our periodic Commission filings and other public announcements.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statement, we do not intend to update forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In general, business enterprises can be exposed to market risks including fluctuations in commodity prices, foreign currency values, and interest rates that can affect the cost of operating, investing, and financing. The Company's exposures to these risks are low. The Company's plastic consumables business purchases resin from regular commercial sources of supply and, in most cases, multiple sources. The supply and demand for plastic resins is subject to cyclical and other market factors. With many of our external customers, we have the ability to pass through price increases with an increase in our selling price and certain of our external customers purchase the resin used in products we manufacture for them. This pass-through pricing is not applicable to plastic cutlery, which we supply to our branded consumables segment. Plastic cutlery is principally made of polystyrene and for each $0.01 change in the price of polystyrene the material cost in our plastics consumables segment will change by approximately $0.5 million per annum. The Company's zinc business has sales arrangements with a majority of its customers such that sales are priced either based upon supply contracts that provide for fluctuations in the price of zinc to be passed on to the customer or are conducted on a tolling basis whereby customers supply zinc to the Company for processing. Such arrangements as well as the zinc business utilizing forward buy contracts reduce the exposure of this business to changes in the price of zinc.

The Company, from time to time, invests in short-term financial instruments with original maturities usually less than fifty days.

The Company is exposed to short-term interest rate variations with respect to Eurodollar or Base Rate on certain of its term and revolving debt obligations and six month LIBOR in arrears on certain of its interest rate swaps. The spreads on the interest rate swaps range from 523 to 528 basis points. Settlements on the interest rate swaps are made on May 1 and November 1. The Company is exposed to credit loss in the event of non-performance by the other party to its current existing swaps, a large financial institution. However, the Company does not anticipate non-performance by the other party.

Changes in Eurodollar or LIBOR interest rates would affect the earnings of the Company either positively or negatively depending on the direction of the change. Assuming that Eurodollar and LIBOR rates each increased 100 basis points over period end rates on the outstanding term debt and interest rate swaps, the Company's interest expense would have increased by approximately $2.0 million, $0.8 million and $0.5 million for 2003, 2002 and 2001, respectively. The amount was determined by considering the impact of the hypothetical interest rates on the Company's borrowing cost, short-term investment rates, interest rate swaps and estimated cash flow. Actual changes in rates may differ from the assumptions used in computing this exposure.

The Company does not invest or trade in any derivative financial or commodity instruments, nor does it invest in any foreign financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
Jarden Corporation and Subsidiaries

We have audited the accompanying consolidated balance sheets of Jarden Corporation and subsidiaries (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jarden Corporation and subsidiaries at December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

New York, New York
January 30, 2004

JARDEN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Net sales	$ 587,381	$ 367,104	$ 304,276
Costs and expenses:			
Cost of sales	362,379	216,629	232,634
Selling, general and administrative expenses	131,719	85,366	52,552
Restricted stock charge	21,833	--	--
Goodwill amortization	--	--	5,153
Special charges and reorganization expenses	--	--	4,978
Loss on divestitures of assets and product lines	--	--	122,887
Operating earnings (loss)	71,450	65,109	(113,928)
Interest expense, net	19,184	12,611	11,791
Income (loss) before taxes and minority interest	52,266	52,498	(125,719)
Income tax provision (benefit)	20,488	16,189	(40,443)
Minority interest in gain of consolidated subsidiary	--	--	153
Net income (loss)	$ 31,778	$ 36,309	$(85,429)
Basic earnings (loss) per share:			
Net income (loss)	$ 1.40	$ 1.74	$ (4.48)
Diluted earnings (loss) per share:			
Net income (loss)	$ 1.35	$ 1.68	$ (4.48)
Weighted average shares outstanding:			
Basic	22,663	20,910	19,089
Diluted	23,531	21,588	19,089

The accompanying notes are an integral part of the consolidated financial statements.

JARDEN CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	DECEMBER 31, 2003	DECEMBER 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 125,400	$ 56,779
Accounts receivable, net of allowances of $11,880 and $6,095, respectively	92,777	40,470
Income taxes receivable	913	1,039
Inventories, net	105,573	59,463
Deferred taxes on income	14,071	10,312
Prepaid expenses and other current assets	8,385	4,667
Total current assets	347,119	172,730
Non-current assets:		
Property, plant and equipment, at cost		
Land	2,070	782
Buildings	31,642	25,109
Machinery and equipment	155,111	115,637
	188,823	141,528
Accumulated depreciation	(109,704)	(96,291)
	79,119	45,237
Goodwill	236,413	75,750
Other intangible assets, net	79,413	58,310
Other assets	17,610	14,738
Total assets	$ 759,674	$ 366,765
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt	$ 17,512	$ 16,117
Accounts payable	34,211	18,466
Accrued salaries, wages and employee benefits	15,879	13,559
Other current liabilities	37,478	23,031
Total current liabilities	105,080	71,173
Non-current liabilities:		
Long-term debt	369,870	200,838
Deferred taxes on income	17,127	6,377
Other non-current liabilities	17,692	11,613
Total non-current liabilities	404,689	218,828
Commitments and contingencies	--	--
Stockholders' equity:		
Common stock ($.01 par value, 50,000 shares authorized, 28,720 and 23,890 shares issued and 27,007 and 21,558 shares outstanding at December 31, 2003 and 2002, respectively)	287	239
Additional paid-in capital	165,056	33,996
Retained earnings	100,811	69,033
Notes receivable for stock purchases	--	(5,109)
Accumulated other comprehensive loss	308	(3,463)
Less: treasury stock (1,713 and 2,332 shares, at cost, at December 31, 2003 and 2002, respectively)	(16,557)	(17,932)
Total stockholders' equity	249,905	76,764
Total liabilities and stockholders' equity	$ 759,674	$ 366,765

The accompanying notes are an integral part of the consolidated financial statements.

JARDEN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 31,778	$ 36,309	$ (85,429)
Reconciliation of net income (loss) to net cash provided by operating activities:			
Depreciation	14,188	9,412	13,427
Amortization	857	589	5,370
Loss on divestitures of assets and product lines	--	--	122,887
Loss on disposal of fixed assets	--	498	402
Special charges and reorganization expenses	--	--	680
Deferred income taxes	6,674	8,039	(27,804)
Deferred employee benefits	988	383	378
Non-cash compensation	21,899	587	--
Write-off of debt issuance and amendment costs	--	198	1,507
Non-cash interest expense	996	1,607	465
Other, net	577	2,227	1,443
Changes in working capital components, net of effects from acquisitions and divestitures:			
Accounts receivable	(16,944)	(12,076)	4,787
Income tax refunds	379	38,578	--
Inventories	4,994	(15,118)	9,338
Accounts payable	6,439	10	794
Accrued salaries, wages and employee benefits	(710)	1,689	2,212
Other current assets and liabilities	1,683	(3,381)	(10,600)
Net cash provided by operating activities	73,798	69,551	39,857
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from revolving credit borrowings	78,000	25,200	41,050
Payments on revolving credit borrowings	(78,000)	(34,600)	(47,650)
Proceeds from bond issuance	31,950	147,654	--
Payments on long-term debt	(7,941)	(77,975)	(45,585)
Payment on seller note	(10,000)	--	--
Debt issue and amendment costs	(5,913)	(7,467)	(867)
Proceeds from issuance of senior debt	160,000	50,000	--
Proceeds from recouponing of interest rate swap	2,231	4,400	--
Proceeds from issuance of common stock, net of underwriting fees and related expenses	112,258	--	--
Other	2,211	4,335	815
Net cash provided by (used in) financing activities	284,796	111,547	(52,237)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(12,822)	(9,277)	(9,707)
Insurance proceeds from property casualty	--	--	1,535
Acquisitions of businesses, net of cash acquired of $6,685 and $28,374 in 2003 and 2002, respectively	(277,259)	(121,065)	--
Purchase of intangible assets	--	(2,000)	--
Proceeds from divestitures of assets and product lines	--	1,600	21,001
Proceeds from the surrender of insurance contracts	--	--	6,706
Loans to former officers	--	--	(4,059)
Other, net	108	47	(23)
Net cash (used in) provided by investing activities	(289,973)	(130,695)	15,453
NET INCREASE IN CASH	68,621	50,403	3,073
Cash and cash equivalents, beginning of year	56,779	6,376	3,303
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 125,400	$ 56,779	$ 6,376

The accompanying notes are an integral part of the consolidated financial statements.

JARDEN CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS)

	Common Stock		Treasury Stock		Additional Paid-in	Retained	Loans
	Shares	Amount	Shares	Amount	Capital	Earnings	Receivable
Balance, December 31, 2000 ...	23,890	$ 40,017	(4,866)	$ (38,971)	$ --	$ 118,153	$ --
Net loss	--	--	--	--	--	(85,429)	--
Stock options exercised and stock plan purchases	201	929	--	--	--	--	--
Shares reissued from treasury	(201)	(1,515)	201	1,515	--	--	--
Shares tendered for stock options and taxes	--	--	(30)	(130)	--	--	--
Stock option compensation	--	2,422	--	--	--	--	--
Restatement of par value of common stock associated with the reincorporation in Delaware	--	(41,614)	--	--	41,614	--	--
Cumulative translation adjustment	--	--	--	--	--	--	--
Translation adjustment recorded to net income due to liquidation of investment in foreign subsidiary	--	--	--	--	--	--	--
Interest rate swap unrealized loss	--	--	--	--	--	--	--
Minimum pension liability	--	--	--	--	--	--	--
Balance, December 31, 2001 ...	23,890	239	(4,695)	(37,586	41,614	32,724	--
Net income	--	--	--	--	--	36,309	--
Stock options exercised and stock plan purchases	2,324	--	--	--	9,261	--	--
Shares issued for non-cash compensation	45	--	--	--	587	--	--
Shares reissued from treasury	(2,369)	--	2,369	19,742	(19,742)	--	--
Shares tendered for stock options and taxes	--	--	(6)	(88)	--	--	--
Cumulative translation adjustment	--	--	--	--	--	--	--
Tax benefit related to stock option exercises	--	--	--	--	2,276	--	--
Loans to executive officers and accrued interest thereon	--	--	--	--	--	--	(5,109)
Interest rate swap maturity	--	--	--	--	--	--	--
Minimum pension liability	--	--	--	--	--	--	--
Balance, December 31, 2002 ...	23,890	239	(2,332)	(17,932)	33,996	69,033	(5,109)
Net income	--	--	--	--	--	31,778	--
Proceeds from issuance of common stock	4,830	48	--	--	112,210	--	--
Stock options exercised and stock plan purchases	623	--	--	--	2,270	--	--
Shares reissued from treasury	(884)	--	884	6,610	(6,610)	--	--
Shares tendered for stock options and taxes	--	--	(4)	(60)	--	--	--
Non-cash compensation charges	--	--	--	--	21,899	--	--
Cumulative translation adjustment	--	--	--	--	--	--	--
Tax benefit related to stock option exercises	--	--	--	--	1,291	--	--
Repayment of executive officers loans and accrued interest	261	--	(261)	(5,175)	--	--	5,109
Interest rate swap unrealized loss	--	--	--	--	--	--	--
Minimum pension liability	--	--	--	--	--	--	--
Balance, December 31, 2003 ...	28,720	$ 287	(1,713)	$(16,557)	$165,065	$ 100,811	$ --

	Accumulated Other Comprehensive Loss		
	Cumulative Translation Adjustment	Interest Rate Swaps	Minimum Pension Liability
Balance, December 31, 2000 ...	$ (978)	$ --	$ --

Net loss	--	--	--
Stock options exercised and stock plan purchases	--	--	--
Shares reissued from treasury	--	--	--
Shares tendered for stock options and taxes	--	--	--
Stock option compensation	--	--	--
Restatement of par value of common stock associated with the reincorporation in Delaware	--	--	--
Cumulative translation adjustment	(424)	--	--
Translation adjustment recorded to net income due to liquidation of investment in foreign subsidiary	461	--	--
Interest rate swap unrealized loss	--	(524)	--
Minimum pension liability	--	--	(397)
Balance, December 31, 2001	(941)	(524)	(397)
Net income	--	--	--
Stock options exercised and stock plan purchases	--	--	--
Shares issued for non-cash compensation	--	--	--
Shares reissued from treasury	--	--	--
Shares tendered for stock options and taxes	--	--	--
Cumulative translation adjustment	191	--	--
Tax benefit related to stock option exercises	--	--	--
Loans to executive officers and accrued interest thereon	--	--	--
Interest rate swap maturity	--	524	--
Minimum pension liability	--	--	(2,316)
Balance, December 31, 2002	(750)	--	(2,713)
Net income	--	--	--
Proceeds from issuance of common stock	--	--	--
Stock options exercised and stock	--	--	--
plan purchases	--	--	--
Shares reissued from treasury	--	--	--
Shares tendered for stock options and taxes	--	--	--
Non-cash compensation charges	--	--	--
Cumulative translation adjustment	4,009	--	--
Tax benefit related to stock option exercises	--	--	--
Repayment of executive officers loans and accrued interest	--	--	--
Interest rate swap unrealized loss	--	(57)	--
Minimum pension liability	--	--	(181)
Balance, December 31, 2003	$ 3,259	$ (57)	$ (2,894)

The accompanying notes are an integral part of the consolidated financial statements.

JARDEN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(THOUSANDS OF DOLLARS)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Net income (loss)	$ 31,778	$ 36,309	$(85,429)
Foreign currency translation:			
Translation adjustment during period	4,009	191	(424)
Translation adjustment recorded to net income (loss) due to liquidation of investment in foreign subsidiary	--	--	461
Interest rate swap unrealized gain (loss):			
Transition adjustment	--	--	45
Change during period	(57)	--	(569)
Maturity of interest rate swap	--	524	--
Minimum pension liability	(181)	(2,316)	(397)
Comprehensive income (loss)	$ 35,549	$ 34,708	$(86,313)

The accompanying notes are an integral part of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company is a leading provider of niche consumer products used in and around the home, under well-known brand names including Ball(R), Bernardin(R), Crawford(R), Diamond(R), FoodSaver(R), Forster(R), Kerr(R), Lehigh(R) and Leslie-Locke(R). The Company's products include, amongst others, clothespins, home canning, home vacuum packaging, kitchen matches, plastic cutlery, rope, cord and twine and toothpicks. The Company also manufactures zinc strip and a wide array of plastic products for third party consumer product and medical companies, as well as its own businesses. See Business Segment Information (Note 5).

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The consolidated financial statements include the accounts of Jarden Corporation and its subsidiaries ("Company"). All significant intercompany transactions and balances have been eliminated upon consolidation.

On a stand alone basis, without the consolidation of its subsidiaries, the Company has no independent assets or operations. The guarantees by its subsidiaries of the 9 3/4% senior subordinated notes ("Notes"), which are discussed in Note 9, are full and unconditional and joint and several. The subsidiaries that are not guarantors of the Notes are minor. There are no significant restrictions on the Company's or the guarantors' ability to obtain funds from their respective subsidiaries by dividend or loan.

All earnings per share amounts and number of shares outstanding have been retroactively adjusted to give effect to a 3-for-2 split of the Company's common stock that was effected in the fourth quarter of 2003.

Certain reclassifications have been made in the Company's financial statements of prior years to conform to the current year presentation. These reclassifications have no impact on previously reported net income (loss).

Use of Estimates

Preparation of the consolidated financial statements requires estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue when title transfers. In most cases, title transfers at the time product is shipped to customers. The Company allows customers to return defective or damaged products as well as certain other products for credit, replacement, or exchange. Revenue is recognized as the net amount to be received after deducting estimated amounts for product returns, discounts, and allowances. The Company estimates future product returns based upon historical return rates and its judgment.

Freight Costs

Freight costs on goods shipped to customers are included in Cost of Sales in the Consolidated Statements of Operations.

Prepaid Media and Advertising Costs

Direct advertising costs (primarily media expenses) related to infomercial sales are recorded as prepaid assets when paid in advance. The expense is recognized when the infomercial is aired. All production expenses related to the infomercials are expensed upon first showing of the infomercial. The Company's other advertising costs, consisting primarily of ad demo and cooperative advertising, media placement and promotions are expensed as incurred. The Company incurred advertising costs in the approximate amounts of $25.9 million, $17.8 million and $1.0 million for the years 2003, 2002 and 2001, respectively. Amounts of $0.5 million and $0.4 million were included in the Company's Prepaid Expenses and Other Current Assets in the Consolidated Balance Sheet as of December 31, 2003 and 2002, respectively.

Cash and Cash Equivalents

Cash equivalents include financial investments with a maturity of three months or less when purchased.

Accounts Receivable

The Company provides credit, in the normal course of business, to its customers. The Company maintains an allowance for doubtful customer accounts for estimated losses that may result from the inability of the Company's customers to make required payments. That estimate is based on historical collection experience, current economic and market conditions, and a review of the current status of each customer's trade accounts receivable. The Company charges actual losses when incurred to this allowance.

Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or market.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Maintenance and repair costs are charged to expense as incurred, and expenditures that extend the useful lives of the assets are capitalized. The Company reviews property, plant and equipment for impairment whenever events or circumstances indicate that carrying amounts may not be recoverable through future undiscounted cash flows, excluding interest cost.

Depreciation

Depreciation is calculated on the straight-line basis in amounts sufficient to amortize the cost of the assets over their estimated useful lives (buildings - 30 to 50 years; machinery and equipment - 3 to 20 years).

Intangible Assets

Intangible assets consist principally of goodwill and intangible assets recorded in connection with brand names and manufacturing processes expertise. Goodwill represents the excess of the purchase prices of acquired businesses over the estimated fair values of the net assets acquired. The Company's goodwill and intangible assets that are deemed to have indefinite lives are no longer amortized under current accounting guidance but are subject to annual impairment tests. Other intangible assets are amortized over their useful lives and are evaluated for impairment whenever events or circumstances indicate that carrying amounts may not be recoverable through future undiscounted cash flows, excluding interest costs. If facts or circumstances suggest that the Company's intangible assets are impaired, the Company assesses the fair value of the intangible assets and reduces them to an amount that results in book value approximating fair value.

Taxes on Income

Deferred taxes are provided for differences between the financial statement and tax basis of assets and liabilities using enacted tax rates. The Company established a valuation allowance against a portion of the net tax benefit associated with all carryforwards and temporary differences at December 31, 2001, as it was more likely than not that these would not be fully utilized in the available carryforward period. A portion of this valuation allowance remained as of December 31, 2003 and 2002 (see Note 10).

Fair Value and Credit Risk of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, notes payable, accounts payable and accrued liabilities approximate their fair market values due to the short-term maturities of these instruments. The fair market value of the Company's senior subordinated notes was determined based on quoted market prices (see Note 9). The fair market value of the Company's other long-term debt was estimated using rates currently available to the Company for debt with similar terms and maturities (see Note 9).

The Company enters into interest rate swaps to manage interest rate exposures. The Company designates the interest rate swaps as hedges of underlying debt. Interest expense is adjusted to include the payment made or received under the swap agreements. The fair market value of the swap agreements was estimated based on the current market value of similar instruments (see Note 16).

Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and interest-bearing investments. Trade receivable credit risk is limited due to the diversity of the Company's customers and the Company's ongoing credit review procedures. Collateral for trade receivables is generally not required. The Company places its interest-bearing cash equivalents with major financial institutions.

Stock Options

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based methods of accounting for stock-based employee compensation. In

addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As allowed for by both SFAS No. 148 and SFAS No. 123, the Company accounts for the issuance of stock options using the intrinsic value method in accordance with Accounting Principles Board ("APB") No. 25, Accounting for Stock Issued to Employees, and related interpretations. Generally for the Company's stock option plans, no compensation cost is recognized in the Consolidated Statements of Operations because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant. Under the Company's 2001 Stock Option Plan, however, the Company did recognize a one-time charge of compensation cost in 2001 because stockholder approval of the plan was required subsequent to the grant date (see Note 12).

Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant dates for awards under those plans, the Company's net income (loss) and earnings (loss) per share would have been adjusted to the pro forma amounts indicated:

	YEAR ENDED DECEMBER 31,		
(thousands of dollars, except per share amounts)	2003	2002	2001
Net income (loss), as reported	$ 31,778	$ 36,309	$ (85,429)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	2,032	1,037	295
Pro forma net income (loss)	$ 29,746	$ 36,272	$ (85,724)
Basic earnings (loss) per share:			
As reported	$ 1.40	$ 1.74	$ (4.48)
Pro forma	1.31	1.69	(4.49)
Diluted earnings (loss) per share:			
As reported	$ 1.35	$ 1.68	$ (4.48)
Pro forma	1.26	1.63	(4.49)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2003, 2002 and 2001, respectively: no dividend yield for all years, expected volatility of 37, 44 and 37 percent, risk-free interest rates of 1.6, 2.0 and 4.8 percent and expected lives of 7.6, 7.5 and 7.5 years. The average fair value of each option granted in 2003, 2002 and 2001 was $9.11, $6.19 and $1.93, respectively.

2. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In April 2002, the FASB issued SFAS No. 145, Recision of SFAS Nos. 4, 44 and 64, Amendment of SFAS No. 13, and Technical Corrections as of April 2000. SFAS No. 145 revises the criteria for classifying the extinguishment of debt as extraordinary and the accounting treatment of certain lease modifications. SFAS No. 145 was effective for the Company beginning in fiscal 2003. The adoption of SFAS No. 145 did not have a material impact on the Company's consolidated financial statements.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 provides guidance on the timing of the recognition of costs associated with exit or disposal activities. The new guidance requires costs associated with exit or disposal activities to be recognized when incurred. Previous guidance required recognition of costs at the date of commitment to an exit or disposal plan. The provisions of the statement were effective for any exit or disposal activities initiated after December 31, 2002. The adoption of SFAS 146 did not have an impact on the Company's financial condition or results of operations.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 is generally effective for contracts entered into or modified and for hedging relationships designed after June 30, 2003. The adoption of SFAS No.149 did not have a material effect on the Company's present financial condition or results of operations.

3. ACQUISITIONS AND DIVESTITURES

On September 2, 2003, the Company acquired all of the issued and outstanding stock of Lehigh Consumer Products Corporation and its subsidiary ("Lehigh" and the "Lehigh Acquisition"). Lehigh is the largest supplier of rope, cord and twine for the U.S. consumer marketplace and a leader in innovative storage and organization products and workshop accessories for the home and garage as well as in the security screen door and ornamental metal fencing market. The purchase price of the transaction was approximately $157.6 million, including transaction expenses, and was principally funded by a draw down under the Company's amended and restated senior credit facility ("Amended Credit Agreement") (see Note 9). In addition, the Lehigh Acquisition includes an earn-out provision with a potential payment in cash or Company common stock, at the Company's sole discretion, of up to $25 million payable in 2006, provided that certain earnings performance targets are met. If paid, the Company expects to capitalize the cost of the earn-out. Lehigh is included in the branded consumables segment from September 2, 2003 (see Note 5).

On February 7, 2003, the Company completed its acquisition of the business of Diamond Brands International, Inc. and its subsidiaries ("Diamond Brands" and the "Diamond Acquisition'), a manufacturer and distributor of niche household products, including clothespins, kitchen matches, plastic cutlery and toothpicks under the Diamond(R) and Forster(R) trademarks. The purchase price of this transaction was approximately $91.5 million, including transaction expenses. The Company used cash on hand and draw downs under its debt facilities to finance the transaction. The acquired plastic manufacturing operation is included in the plastic consumables segment in 2003 and the acquired wood manufacturing operation and branded product distribution business is included in the branded consumables segment in 2003 (see Note 5).

On April 24, 2002, the Company completed its acquisition of the business of Tilia International, Inc. and its subsidiaries ("Tilia" and the "Tilia Acquisition"). Pursuant to the Tilia Acquisition, the Company acquired Tilia for approximately $145 million in cash and $15 million in seller debt financing. In addition, the Tilia Acquisition includes an earn-out provision with a potential payment in cash or Company common stock, at the Company's sole discretion, of up to $25 million payable in 2005, provided that certain earnings performance targets are met. If paid, the Company expects to capitalize the cost of the earn-out.

The Lehigh Acquisition, the Diamond Acquisition and the Tilia Acquisition were all entered into as part of the Company's strategy of acquiring branded consumer products businesses with leading market positions in niche markets for products used in and around the home, attractive operating margins and strong management. The results of Lehigh, Diamond Brands, and Tilia have been included in the Company's results from September 2, 2003, February 1, 2003 and April 1, 2002, respectively.

The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed at the effective dates of acquisition:

(millions of dollars)	TILIA (APRIL 1, 2002)	DIAMOND BRANDS (FEB. 1, 2003)	LEHIGH (SEPT. 2, 2003)	TOTAL
Current assets	$ 65.1	$ 24.7	$ 47.1	$ 136.9
Property, plant and equipment	2.4	20.5	8.7	31.6
Trademark	50.9	13.8	3.4	68.1
Other intangibles	5.5	--	--	5.5
Total assets acquired	123.9	59.0	59.2	242.1
Current liabilities	(19.3)	(9.2)	(9.8)	(38.3)
Long-term liabilities	(0.7)	(0.9)	--	(1.6)
Total liabilities assumed	(20.0)	(10.1)	(9.8)	(39.9)
Net assets acquired	103.9	48.9	49.4	202.2
Purchase price	163.3	91.5	157.6	412.4
Goodwill recorded	$ 59.4	$ 42.6	$ 108.2	$ 210.2

Certain working capital balances recorded in connection with the Diamond Acquisition and the Lehigh Acquisition are preliminary and when finalized within one year of the respective dates of acquisition may result in changes to the intangible balances shown above.

In the fourth quarter of 2003, the Company completed its acquisition of the VillaWare Manufacturing Company ("VillaWare"). VillaWare's results are included in the consumer solutions segment from October 3, 2003. In the second

quarter of 2003, the Company completed its acquisition of O.W.D., Incorporated and Tupper Lake Plastics, Incorporated (collectively "OWD"). The branded product distribution operation acquired in the OWD acquisition is included in the branded consumables segment from April 1, 2003. The plastic manufacturing operation acquired in the OWD acquisition is included in the plastic consumables segment from April 1, 2003.

The results of VillaWare and OWD did not have a material effect on the Company's results for the year ended December 31, 2003 and are therefore not included in the proforma financial information presented herein. The aggregate amount of goodwill acquired in connection with the acquisitions of VillaWare and OWD was $12.3 million.

The goodwill and other intangibles amounts recorded in connection with the Company's acquisitions are discussed in detail in Note 8.

Effective November 26, 2001, the Company sold the assets of its Triangle, TriEnda and Synergy World plastic thermoforming operations ("TPD Assets") to Wilbert, Inc. for $21 million in cash, a $1.9 million noninterest bearing one-year note ("Wilbert Note") as well as the assumption of certain identified liabilities. The Company recorded charges of $0.1 million and $0.2 million in 2002 and 2001, respectively, to reduce the carrying amount of the Wilbert Note based upon purchase adjustments. The residual carrying amount on the Wilbert Note of $1.6 million was repaid on November 25, 2002. In connection with this sale, the Company recorded a pre-tax loss of $121.1 million in 2001. The amount of goodwill included in the loss on the sale was $82.0 million. The proceeds from the sale were used to pay down the Company's term debt under a former credit agreement (see Note 9).

Effective November 1, 2001, the Company sold its majority interest in Microlin, LLC ("Microlin"), for $1,000 in cash plus contingent consideration based upon future performance through December 31, 2012 and the cancellation of future funding requirements. The Company recorded a pretax loss of $1.4 million in 2001 related to the sale.

4. PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information gives pro forma effect to the Tilia Acquisition, the Diamond Acquisition and the Lehigh Acquisition (as described in Note 3 above) with the related financings as if they had been consummated as of the beginning of the earliest period presented. The unaudited pro forma financial information presented does not exclude the $21.8 million non-cash restricted stock charge and related tax benefit recorded in 2003 or the net $4.4 million income tax valuation allowance released in 2002:

	YEAR ENDED DECEMBER 31,	
(thousands of dollars, except per share data)	2003	2002
Net sales	$ 684,876	$ 635,361
Operating income	86,696	104,777
Net income	37,898	52,085
Diluted earnings per share	$ 1.61	$ 2.41

5. BUSINESS SEGMENT INFORMATION

The Company reports four business segments: branded consumables, consumer solutions, plastic consumables and other.

In the branded consumables segment, the Company markets, distributes and in certain cases manufactures a broad line of branded products that includes clothespins, craft items, food preparation kits, home canning jars, jar closures, kitchen matches, plastic cutlery, rope, cord and twine, storage and workshop accessories, toothpicks and other accessories marketed under the Ball(R), Bernardin(R), Crawford(R), Diamond(R), Forster(R), Kerr(R), Lehigh(R) and Leslie-Locke(R) brand names. As discussed in Note 3, the Diamond Brands wood manufacturing operation and branded product distribution business and the Lehigh home improvement business have been included in the branded consumables segment effective February 1, 2003 and September 2, 2003, respectively. In the consumer solutions segment, which was created upon the acquisition of Tilia in April 2002, the Company sources, markets and distributes an array of innovative kitchen products under the market leading FoodSaver(R) brand name, as well as the VillaWare(R) brand name. The plastic consumables segment manufactures, markets and distributes a wide variety of consumer and medical plastic products, including products used by the Company's branded consumables segment (plastic cutlery) and consumer solutions segment (containers). As discussed in Note 3, the Diamond Brands plastic manufacturing operation is included in the plastic consumables segment effective February 1, 2003. The other segment is primarily a producer of zinc strip.

Net sales, operating earnings (loss), capital expenditures, depreciation and amortization, and assets employed in operations by segment are summarized as follows:

(thousands of dollars)	YEAR ENDED DECEMBER 31, 2003	2002	2001
Net sales:			
Branded consumables (1)	$ 257,869	$ 111,240	$ 119,942
Consumer solutions (2)	215,847	145,316	--
Plastic consumables (3), (4)	109,056	70,578	139,912
Other	42,802	41,034	45,525
Intercompany (7)	(38,193)	(1,064)	(1,103)
Total net sales	$ 587,381	$ 367,104	$ 304,276
Operating earnings (loss):			
Branded consumables (1)	$ 36,521	$ 17,984	$ 13,291
Consumer solutions (2)	42,550	31,672	--
Plastic consumables (3), (4)	9,551	9,088	(5,274)
Other	5,531	6,366	7,075
Intercompany	(870)	(1)	13
Unallocated corporate expenses (5)	(21,833)	--	(6,146)
Loss on divestitures of assets	--	--	(122,887)
Total operating income (loss)	71,450	65,109	(113,928)
Interest expense, net	19,184	12,611	11,791
Income (loss) before taxes and minority interest	$ 52,266	$ 52,498	$(125,719)
Capital expenditures:			
Branded consumables (1)	$ 4,074	$ 3,547	$ 633
Consumer solutions (2)	4,598	1,008	--
Plastic consumables (3), (4)	2,484	3,392	8,537
Other	924	585	530
Corporate (6)	742	745	7
Total capital expenditures	$ 12,822	$ 9,277	$ 9,707
Depreciation and amortization:			
Branded consumables (1)	$ 3,673	$ 1,878	$ 3,202
Consumer solutions (2)	2,278	1,382	--
Plastic consumables (3), (4)	6,859	4,435	12,947
Other	2,133	2,222	2,448
Corporate (6)	102	84	200
Total depreciation and amortization	$ 15,045	$ 10,001	$ 18,797

	AS OF DECEMBER 31, 2003	2002
Assets employed in operations:		
Branded consumables (1)	$310,451	$ 61,093
Consumer solutions (2)	216,289	184,180
Plastic consumables (3), (4)	62,623	39,551
Other	13,867	14,573
Corporate (6)	156,444	67,368
Total assets	$759,674	$366,765

(1) The Lehigh business and the Diamond Brands wood manufacturing operation and branded product distribution business are included in the branded consumables segment effective September 2, 2003 and February 1, 2003, respectively.

(2) The consumer solutions segment was created upon the purchase of Tilia, effective April 1, 2002.

(3) The Diamond Brands plastic manufacturing operation is included in the plastic consumables segment effective February 1, 2003.

(4) Effective November 26, 2001 and November 1, 2001, the Company sold the TPD Assets and Microlin, respectively.

(5) Unallocated corporate expenses in 2003 is comprised of a $21.8 million non-cash restricted stock charge and in 2001 are comprised primarily of special charges and reorganization expenses.

(6) Corporate assets primarily include cash and cash equivalents, amounts relating to benefit plans, deferred tax assets and corporate facilities and equipment.

(7) Intersegment sales are recorded at cost plus an agreed upon intercompany profit on intersegment sales.

Within the branded consumables segment are three product lines: kitchen products, home improvement products, and other specialty products. Kitchen products include home canning and accessories, plastic cutlery, straws, toothpicks, food preparation kits and kitchen matches. Net sales of kitchen products were $194.4 million, $109.1 million and $116.6 million for 2003, 2002 and 2001, respectively. Home improvement products include rope, cord and twine, storage and organizational products for the home and garage and security door and fencing products. Net sales of home improvement products were $41.0 million for 2003. There were no home improvement product sales in 2002 or 2001. Other specialty products include institutional plastic cutlery and sticks, book and advertising matches, craft items, laundry care products, lighters and fire starters and other commercial products. Net sales of other specialty products were $22.5 million, $2.1 million and $3.4 million for 2003, 2002 and 2001, respectively.

One of the Company's customers accounted for 19.7% and 18.7% of its 2003 and 2002 net revenues, respectively.

The Company's major customers are located within North America. Net sales of the Company's products in Canada and Mexico were $26.9 million, $29.2 million and $29.7 million in 2003, 2002 and 2001, respectively. Net sales and long-lived assets located outside North America are not material.

6. SPECIAL CHARGES AND REORGANIZATION EXPENSES

The Company incurred net special charges and reorganization expenses of $5.0 million for 2001. No charges were incurred in 2003 or 2002. This amount is comprised of the following (in millions):

(millions of dollars)	YEAR ENDED DECEMBER 31, 2001
Costs to evaluate strategic options	$ 1.4
Discharge of deferred compensation obligations	(4.1)
Separation costs for former officers	2.6
Stock option compensation	2.4
Corporate restructuring costs	2.3
Costs to exit facilities	0.8
Items related to divested thermoforming operations	(0.4)
	$ 5.0

During 2001, certain former officers and participants in the Company's deferred compensation plans agreed to forego balances in those plans in exchange for loans from the Company in the same amounts. The loans, which were completed during 2001, bear interest at the applicable federal rate and require the individuals to secure a life insurance policy having the death benefit equivalent to the amount of the loan payable to the Company. All accrued interest and principal on the loans are payable upon the death of the participant and their spouse. The Company recognized $4.1 million of pre-tax income during 2001 related to the discharge of the deferred compensation obligations.

On September 25, 2001, the Company announced the departure from the Company of Thomas B. Clark, Chairman, President and Chief Executive Officer, and Kevin D. Bower, Senior Vice President and Chief Financial Officer. The Board announced the appointment of Martin E. Franklin as Chairman and Chief Executive Officer and Ian G.H. Ashken as Vice Chairman, Chief Financial Officer and Secretary. Separation costs associated with this management reorganization were approximately $2.6 million.

During September 2001, options were granted to participants under the Company's 2001 Stock Option Plan. Because the options granted under this new plan were still subject to stockholder approval at the time of grant, the options resulted in a one-time charge of $2.4 million which was recorded in the fourth quarter of 2001 (see Note 12) following stockholder approval of the 2001 Stock Option Plan on December 18, 2001.

During the fourth quarter of 2001, the Company incurred corporate restructuring costs in the amount of $2.3 million. These include costs related to the transitioning of the corporate office function from Indianapolis, Indiana to Rye, New

York and Muncie, Indiana, costs to reincorporate in Delaware and to hold a special meeting of stockholders, and other costs including professional fees. Of this amount $0 and $0.6 million remained unpaid as of December 31, 2003 and 2002, respectively.

In August 2001, the Company announced that it would be consolidating its home canning metal closure production from its Bernardin Ltd. Toronto, Ontario facility into its Muncie, Indiana manufacturing operation. The total cost to exit the Toronto facility was $0.8 million and included a $0.3 million loss on the sale and disposal of equipment, and $0.5 million of employee severance costs, of which $0.4 million was paid in 2001. The remaining $0.1 million was paid in 2002. The Company continues to distribute its home canning products in Canada through Bernardin, Ltd.

During 2001, items recognized related to the divested TPD Assets included a pre-tax gain of $1.0 million in connection with an insurance recovery associated with a property casualty. Also in August 2001, the Company announced that it had vacated its former TPD Assets facility in Independence, Iowa and integrated personnel and capabilities into its other operating and distribution facilities in the area. The total cost to exit this Iowa facility was $0.6 million and included $0.4 million in future lease obligations and an additional $0.2 million of costs related to the leased facility.

7. INVENTORIES

Inventories were comprised of the following:

	AS OF DECEMBER 31,	
(thousands of dollars)	2003	2002
Raw materials and supplies	$ 15,254	$ 6,562
Work in process	6,653	7,300
Finished goods	83,666	45,601
Total inventories	$105,573	$ 59,463

8. INTANGIBLES

As of December 31, 2003 and 2002, the Company had recorded the following amounts for intangible assets:

(millions of dollars)	BRANDED CONSUMABLES	CONSUMER SOLUTIONS	TOTAL
2003			
Intangible assets not subject to amortization:			
Goodwill	$ 167.3	$ 69.1	$ 236.4
Trademarks	18.9	55.9	74.8
Intangible assets not subject to amortization	186.2	125.0	311.2
Intangible assets subject to amortization:			
Manufacturing processes and expertise	--	6.0	6.0
Accumulated amortization	--	(1.4)	(1.4)
Net amount of intangible assets subject to amortization	--	4.6	4.6
Total goodwill and other intangible assets ...	$ 186.2	$ 129.6	$ 315.8

(millions of dollars)	BRANDED CONSUMABLES	CONSUMER SOLUTIONS	TOTAL
2002			
Intangible assets not subject to amortization:			
Goodwill	$ 15.5	$ 60.3	$ 75.8
Trademarks	--	52.9	52.9
Intangible assets not subject to amortization	15.5	113.2	128.7
Intangible assets subject to amortization:			
Manufacturing processes and expertise	--	6.0	6.0
Accumulated amortization	--	(0.6)	(0.6)
Net amount of intangible assets subject to amortization	--	5.4	5.4
Total goodwill and other intangible assets	$ 15.5	$ 118.6	$ 134.1

The only intangible assets which have a definitive life and are currently subject to amortization are the manufacturing processes and expertise, which are being amortized over a period of 7-8 years. Amortization for the manufacturing processes and expertise in the aggregate amounts of $0.8 million and $0.6 million were recorded in 2003 and 2002, respectively, and are included in Selling, General and Administrative expenses in the Consolidated Statements of Operations.

The estimated intangible assets amortization expense, including estimated amortization on future contracted intangible asset purchases not included in the table above, for each of the five succeeding fiscal years is as follows: $1.0 million in 2004; $1.1 million in 2005; $1.2 million in 2006; $1.2 million in 2007 and $1.3 million in 2008.

A portion of the Company's goodwill relating to the Tilia Acquisition is recorded on a Canadian subsidiary's books. Due to the effect of foreign currency translations the amount of goodwill recorded increased by approximately $3.1 million and $0.2 million in 2003 and 2002, respectively.

The goodwill and other intangible assets recorded by the Company are fully deductible for income tax purposes.

As a result of the adoption of SFAS No. 142 in 2002, the Company did not record goodwill amortization. No impairment losses were required in 2003 or 2002. The Company recorded goodwill amortization of approximately $5.2 million in 2001. In 2001 goodwill amortization of $4.0 million related to entities that were disposed of in 2001, which had been included in the plastic consumables segment. The remaining goodwill amortization for the 2001 period related to the branded consumables segment.

Net income (loss) and earnings (loss) per share amounts on an adjusted basis to reflect the add back of goodwill amortization would be as follows:

(in thousands, except per share amounts)	YEAR ENDED DECEMBER 31, 2003	2002	2001
Reported net income (loss)	$ 31,778	$ 36,309	$(85,429)
Add back: goodwill amortization (net of tax expense of $0, $0 and $2,020, respectively)	--	--	3,133
Adjusted net income (loss)	$ 31,778	$ 36,309	$(82,296)
Basic earnings (loss) per share:			
Reported net income (loss)	$ 1.40	$ 1.74	$ (4.48)
Goodwill amortization	--	--	0.16
Adjusted net income (loss)	$ 1.40	$ 1.74	$ (4.32)
Diluted earnings (loss) per share:			
Reported net income (loss)	$ 1.35	$ 1.68	$ (4.48)
Goodwill amortization	--	--	0.16
Adjusted net income (loss)	$ 1.35	$ 1.68	$ (4.32)

9. DEBT AND INTEREST

Debt was comprised of the following:

(thousands of dollars)	AS OF DECEMBER 31, 2003	2002
9 3/4% senior subordinated notes	$ 179,853	$ 147,813
Term loan A	49,934	47,500
Term loan B	149,625	--
Seller notes	5,420	15,036
Non-debt balances arising from interest rate swap activity	2,550	6,606
	387,382	216,955
Less current portion	(17,512)	(16,117)
Total long-term debt	$ 369,870	$ 200,838

2003 Activity

In connection with the Lehigh Acquisition (see Note 3), the Company amended and restated its existing senior credit facility ("Amended Credit Agreement"). The Company's Amended Credit Agreement provides for up to $280 million of senior secured loans, consisting of a $70 million revolving credit facility, a $60 million term loan facility ("Term loan A"), and a newly issued $150 million term loan facility ("Tern loan B"). The new term loan facility bears interest at a rate equal to (i) the Eurodollar Rate (as determined by the Administrative Agent) pursuant to an agreed formula or (ii) a Base Rate equal to the higher of (a) the Bank of America prime rate and (b) the federal funds rate plus 50%, plus, in each case, an applicable margin of 2.75% per annum for Eurodollar loans and 1.75% per annum for Base Rate loans. The pricing and principal of the revolving credit facility and the previously existing term loan did not change. The revolving credit facility continues to have a $15 million letter of credit sub-limit and a $10 million swing line loans sub-limit. On September 2, 2003, the Company drew down the full cash amount of the new $150 million term loan facility, which funds were used principally to pay the majority of the cash consideration for the Lehigh Acquisition. The Company's Amended Credit Agreement matures on April 24, 2008.

The Amended Credit Agreement contains certain restrictions on the conduct of the Company's business, including, among other things restrictions, generally, on: incurring debt; disposing of certain assets; making investments; exceeding certain agreed upon capital expenditures; creating or suffering liens; completing certain mergers; consolidations and sales of assets and with permitted exceptions, acquisitions; declaring dividends; redeeming or prepaying other debt; and certain transactions with affiliates. The Amended Credit Agreement also includes financial covenants that require the Company to maintain certain leverage and fixed charge ratios and a minimum net worth.

On May 8, 2003, the Company issued an additional $30 million of Notes (bringing to a total $180 million of Notes issued and outstanding, including the 2002 issuance discussed below). The net proceeds of the offering were used to reduce the outstanding revolver balances under the Company's senior credit facility. The Notes were issued at a price of 106.5% of face value and the Company received approximately $32.0 million in gross proceeds from the issuance. As a result of an exchange offer completed on December 2, 2003, all of the Notes are governed by an indenture, dated as of April 24, 2002, as supplemented ("April 2002 Indenture"). Significant terms of the Notes and the indenture are discussed under "2002 and 2001 Activity".

During 2003, a seller note in the principal amount of $10 million was repaid. For accounting purposes, the Company imputed an interest rate of 5% on the $10 million non-interest bearing note. The remaining seller debt financing consists of a non-interest bearing note in the principal amount of $5 million, bearing interest at 5%, which is due on April 24, 2004.

2002 and 2001 Activity

In April 2002, in connection with the Tilia Acquisition, the Company made an offering of $150 million of Notes to qualified institutional buyers in a private placement pursuant to Rule 144A under the Securities Act of 1933.

The Notes were issued at a discount such that the Company received approximately $147.7 million in net proceeds. The Notes are scheduled to mature on May 1, 2012, however, on or after May 1, 2007, the Company can redeem all or part of the Notes at any time at a redemption price ranging from 100% to 104.875% of the principal amount, plus accrued

and unpaid interest and liquidated damages, if any. Prior to May 1, 2005, the Company can redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds from certain public equity offerings at a redemption price of 109.75% of the principal amount, plus accrued and unpaid interest and liquidated damages, if any. Interest on the Notes accrues at the rate of 9.75% per annum and is payable semi-annually in arrears on May 1 and November 1, with the first payment occurring on November 1, 2002. The April 2002 Indenture governing the Notes also contains certain restrictions on the conduct of the Company's business.

Prior to the Amended Credit Agreement, the Company's former credit agreement ("Old Credit Agreement") was due to mature on April 24, 2007. The revolving credit facility and the term loan facility bore interest at a rate equal to (i) the Eurodollar Rate pursuant to an agreed formula or (ii) a Base Rate equal to the higher of (a) the Bank of America prime rate and (b) the federal funds rate plus .50%, plus, in each case, an applicable margin ranging from 2.00% to 2.75% for Eurodollar Rate loans and from .75% to 1.5% for Base Rate loans. The Old Credit Agreement contained restrictions on the conduct of the Company's business similar to the restrictions under the Amended Credit Agreement. The Old Credit Agreement was replaced by the Amended Credit Agreement.

Until it was replaced by the Old Credit Agreement on April 24, 2002, our senior credit facility, as amended, provided for a revolving credit facility of $40 million and a term loan which amortized periodically as required by the terms of the agreement. Interest on borrowings under the term loan and the revolving credit facilities were based upon fixed increments over adjusted LIBOR or the agent bank's alternate borrowing rate as defined in the agreement. The agreement also required the payment of commitment fees on the unused balance. During the first quarter 2002, approximately $38 million of tax refunds the Company received, were used to repay a portion of the outstanding amounts under this credit facility.

In May 1999, we entered into a three-year interest rate swap with an initial notional value of $90 million. The swap effectively fixed the interest rate on approximately 60% of our term debt at a maximum rate of 7.98% for the three-year period. The swap matured and was terminated in March 2002.

Debt disclosures

As of December 31, 2003, the Notes traded at a premium, resulting in an estimated fair value, based upon quoted market prices, of approximately $198.5 million.

As of December 31, 2003, the Company had $199.6 million outstanding under the term loan facilities and no outstanding amounts under the revolving credit facility of the Amended Credit Agreement. The Company's weighted average interest rate on this outstanding amount at December 31, 2003 was 4.0%. Net availability under the revolving credit agreement was approximately $64.9 million as of December 31, 2003, after deducting $5.1 million of issued letters of credit. The Company is required to pay commitment fees on the unused balance of the revolving credit facility.

As of December 31, 2002, the Company had $47.5 million outstanding under the term loan facility and zero outstanding under the $50 million revolving credit facility of the Old Credit Agreement. The Company's weighted average interest rate on this outstanding amount at December 31, 2002 was 4.3%. Net availability under the revolving credit agreement was approximately $45.8 million as of December 31, 2002, after deducting $4.2 million of issued letters of credit.

As of December 31, 2003, maturities on the Company's Long-term Debt, net of unamortized debt discounts/premiums, over the next five years, were $17.5 million in 2004, $15.1 million in 2005, $18.1 million in 2006, $81.8 million in 2007, $72.4 million in 2008 and $182.4 million thereafter.

As of December 31, 2003 and 2002, the Company's Long-term Debt included approximately $2.6 million and $6.6 million, respectively, of non-debt balances arising from the interest rate swap transactions described in Note 16. The 2003 non-debt balance is in the "thereafter" balance above.

Because the interest rates applicable to the senior debt under the Amended Credit Agreement and the Old Credit Agreement are based on floating rates identified by reference to market rates, the fair market value of the senior debt as of December 31, 2003 and 2002 approximated its carrying value.

During 2003 and 2002, the Company incurred costs in connection with the issuance of the Notes, Amended Credit Agreement and Old Credit Agreement of approximately $5.9 million and $7.4 million, respectively. Such amounts are included in Other Assets on the Consolidated Balance Sheet and are being amortized over the respective terms of the debt.

Interest paid on the Company's borrowings during the years ended December 31, 2003, 2002 and 2001 was $17.2 million, $10.5 million and $9.5 million, respectively.

10. TAXES ON INCOME

The components of the provision (benefit) for income taxes attributable to continuing operations were as follows:

	YEAR ENDED DECEMBER 31,		
(thousands of dollars)	2003	2002	2001
Current income tax expense (benefit):			
U.S. federal	$ 9,842	$ 13,513	$(13,978)
Foreign	676	692	1,163
State and local	2,466	2,813	(500)
Total	12,984	17,018	(13,315)
Deferred income tax expense (benefit):			
U.S. federal	6,485	(340)	(33,707)
State, local and other	602	(489)	(4,962)
Foreign	417	--	--
Total	7,504	(829)	(38,669)
Income tax benefit applied to goodwill	--	--	11,541
Total income tax provision (benefit)	$ 20,488	$ 16,189	$(40,443)

Foreign pre-tax income was $3.2 million, $1.8 million, and $0.9 million in 2003, 2002, and 2001, respectively.

Deferred tax liabilities (assets) are comprised of the following:

	AS OF DECEMBER 31,	
(thousands of dollars)	2003	2002
Property, equipment and intangibles	$(14,682)	$ (2,741)
Other	(2,445)	(7,459)
Gross deferred tax liabilities	(17,127)	(10,200)
Net operating loss	2,726	2,726
Accounts receivable allowances	1,342	310
Inventory valuation	3,097	2,095
Compensation and benefits	3,961	7,671
Other	3,945	2,333
Gross deferred tax assets	15,071	15,135
Valuation allowance	(1,000)	(1,000)
Net deferred tax asset	$ (3,056)	$ 3,935

Approximately $2.7 million of state net operating loss carryforwards remain at December 31, 2003 before the valuation allowance. Their use is limited to future taxable income of the Company. The carryforwards expire in 2021. The Company maintained a valuation allowance against a portion of the net tax benefit associated with all carryforwards and temporary differences at December 31, 2003, as it is more likely than not that these will not be fully utilized in the available carryforward period.

As a result of the losses arising from the sale of the TPD Assets, the Company recovered in January 2002 approximately $15.7 million of federal income taxes paid in 1999 and 2000 by utilizing the carryback of a tax net operating loss generated in 2001. On March 9, 2002, The Job Creation and Workers Assistance Act of 2002 was enacted which provides, in part, for the carryback of 2001 net operating losses for five years instead of the previous two year period. As a result, the Company filed for an additional refund of $22.8 million, of which $22.2 million was received in March 2002 and the remainder was received in April 2002.

The difference between the federal statutory income tax rate and the Company's effective income tax rate as a percentage of income from continuing operations is reconciled as follows:

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Federal statutory tax rate	35.0%	35.0%	(35.0)%
Increase (decrease) in rates resulting from:			
State and local taxes, net	3.8	3.3	(3.3)
Foreign	(0.1)	--	0.9
Valuation allowance	--	(8.4)	4.3
Other	0.5	0.9	0.9
Effective income tax rate	39.2%	30.8%	(32.2)%

Total income tax payments made by the Company during the years ended December 31, 2003, 2002 and 2001 were $11.2 million, $9.3 million, and $1.0 million, respectively.

11. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

The Company has certain defined contribution retirement plans that qualify under section 401(k) of the Internal Revenue Code. The Company's contributions to these retirement plans were $2.3 million, $1.6 million and $1.5 million, respectively, in the years ended December 31, 2003, 2002, and 2001.

The Company also maintains a defined benefit pension plan for certain of its hourly employees and provides certain postretirement medical and life insurance benefits for a portion of its employees. Additionally, in connection with the Diamond Acquisition, the Company acquired both the plan assets and the remaining benefit obligation on two additional deferred benefit pension plans which are both frozen.

Our funding policy for our defined benefit pension plans is based on actuarial calculations and the applicable requirements of federal law. Benefits under the Company's pension plans are primarily related to years of service. The Company also provides certain postretirement medical and life insurance benefits for a portion of its employees. We use September 30 as the measurement date for all of our defined pension plans and postretirement plans.

The components of net periodic pension and postretirement benefit expense for the years ended December 31, 2003, 2002 and 2001 are as follows:

	PENSION BENEFITS			POSTRETIREMENT BENEFITS		
(thousands of dollars)	2003	2002	2001	2003	2002	2001
Components of net periodic benefit cost:						
Service cost	$ 304	$ 334	$ 273	$ 75	$ 72	$ 62
Interest cost	1,419	973	907	194	119	112
Investment (gain) loss on plan assets ..	(1,959)	937	1,793	--	--	--
Net amortization and deferral	1,066	(1,798)	(2,942)	2	(7)	(15)
Net periodic benefit cost	$ 830	$ 446	$ 31	$ 271	$ 184	$ 159

The following table is a reconciliation of the projected benefit obligation and the fair value of the deferred benefit pension plan assets and the status of the Company's unfunded postretirement benefit obligation as of December 31:

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
(thousands of dollars)	2003	2002	2003	2002
Change in benefit obligation:				
Benefit obligation at beginning of year ...	$ 14,168	$ 13,217	$ 1,766	$ 1,775
Service cost	304	334	75	72
Interest cost	1,419	973	194	119
Amendments	442	--	--	--
Actuarial loss (gain)	1,233	88	1,461	(124)
Acquisition	5,177	--		
Benefits paid	(871)	(444)	(196)	(76)
Benefit obligation at end of year	21,872	14,168	3,300	1,766
Change in plan assets:				
Fair value of plan assets at beginning of year	9,704	11,082	--	--
Company contributions	307	143	--	--
Actual return on plan assets	1,959	(937)	--	--
Acquisition	4,268	--	--	--
Benefits paid	(955)	(584)	--	--
Fair value of plan assets at end of year ..	15,283	9,704	--	--
Funded status	(6,589)	(4,464)	(3,300)	(1,766)
Unrecognized prior service cost (benefit) .	1,096	768	27	30
Unrecognized net loss (gain)	3,390	3,026	(240)	(242)
Additional minimum liability	(3,990)	(3,481)	--	--
Accrued benefit cost	$ (6,093)	$ (4,151)	$ (3,513)	$ (1,978)

Amounts recognized in the Company's Consolidated Balance Sheet consist of:

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
(thousands of dollars)	2003	2002	2003	2002
Accrued benefit cost	$(6,093)	$(4,151)	$(3,513)	$(1,978)
Intangible assets	1,096	768	--	--
Accumulated other comprehensive income	2,894	2,713	--	--
Net amount recognized	$(2,103)	$ (670)	$(3,513)	$(1,978)

The accumulated benefit obligation for the Company's defined benefit pension plans were approximately $21.2 million and $13.9 million as of December 31, 2003 and 2002, respectively.

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
	2003	2002	2003	2002
Weighted-average assumptions as of December 31:				
Discount rate	6.50%	7.25%	6.50%	6.75%
Expected return on plan assets	9.00%	9.00%	--	--

The return on plan assets reflects the weighted-average of the long-term rates of return for the broad categories of investments held in the Company's defined benefit pension plans. The expected long-term rate of return is adjusted when there are fundamental changes in expected returns on the Company's defined benefit pension plan's investments.

The Company's investment strategy for its defined benefit pension plans is to maximize the long-term rate of return on plans assets within an acceptable level of risk in order to minimize the cost of providing pension benefits. The Company's target asset range for 2004 as a percentage of market value is as follows: equities - 50%-70% (and within equities: foreign stocks - 0%-20% and small capitalized common stocks - 0%-40%); bonds - 30%-50% and cash and

money funds - 0%-10%. This target range was the same in 2003. As of the Company's 2003 and 2002 measurement dates, the percentage of fair value of total assets by asset category was as follows:

	2003	2002
Asset category:		
Equity securities and funds	58.4%	45.9%
Debt securities and funds .	33.9	17.1
Government securities	4.8	34.0
Cash and money market funds	2.9	3.0
Total	100.0%	100.0%

The Company's pension contributions for 2004 are estimated to be approximately $0.6 million, reflecting quarterly contributions to certain plans as required by the IRS Code Section 412 and certain voluntary contributions.

Increases in health care costs would not materially impact the benefit obligation or the annual service and interest costs recognized as benefits under the medical plan consist of a defined dollar monthly subsidy toward the retiree's purchase of medical insurance for the majority of employees covered.

Through December 31, 2001, the Company had a deferred compensation plan that permitted eligible employees to defer a specified portion of their compensation. The deferred compensation earned rates of return as specified in the plan. Effective January 1, 2002, the deferred compensation plan was terminated. Participants had the option to elect to keep their existing balances in the plan. Those balances that remained in the plan in 2002, earned a rate of return equal to the average federal funds overnight repurchase rate. As of December 31, 2002, the Company had accrued $0.7 million for its obligations under this plan. Interest expense on this obligation was $0.2 million. In 2002, the interest expense on this obligation was less than $0.1 million. The residual deferred compensation balance at December 31, 2002 was paid in its entirety to participants in January 2003.

Prior to the termination of the deferred compensation plan, in order to effectively fund the deferred compensation obligation, the Company had purchased variable rate life insurance contracts. These insurance contracts were surrendered in June 2001.

During 2001, certain participants in the Company's deferred compensation plans agreed to forego balances in those plans in exchange for loans from the Company in the same amounts. The loans, which were completed during 2001, bear interest at the applicable federal rate and require the individuals to secure a life insurance policy having the death benefit equivalent to the amount of the loan payable to the Company. All accrued interest and principal on the loans are payable upon the death of the participant and their spouse. The Company recognized $4.1 million of pre-tax income during 2001 related to the discharge of the deferred compensation obligations. These amounts are included in Special Charges and Reorganization Expenses on the Consolidated Statement of Operations.

Effective December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Prescription Drug Act) was signed into law. This act provides for a prescription drug benefit under Medicare (Part D) as well as a federal subsidy to sponsors of retiree health care benefits plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Our defined benefit postretirement health care plan provides a prescription drug benefit.

The FASB issued FSP 106-1 on January 12, 2004, which allowed companies to elect a one-time deferral of the recognition of the effects of the Medicare Prescription Drug Act in accounting for its plan under SFAS No. 106 and in providing disclosures related to the plan required by SFAS No. 132 (revises 2003). The FASB allowed the one-time deferral due to the accounting issues raised by the Medicare Prescription Drug Act--in particular, the accounting for federal subsidy that is not explicitly addressed in SFAS No. 106--and due to the fact the uncertainties exist as to the direct effects on the Medicare Prescription Drug Act and its ancillary effects on plan participants.

For companies electing the one-time deferral remains in effect until authoritative guidance on the accounting for federal subsidy is issued, or until certain other events, such as a plan amendment, settlement or curtailment occur. Currently we are evaluating the effects of the Medicare Prescription Drug Act on our other postretirement benefit plan and its participants, and we have elected the one-time deferral. Our accumulated postretirement obligation or net periodic postretirement benefit cost for 2003 does not reflect the effects of the Medicare Prescription Drug Act on our defined postretirement health care and life insurance plans. Additionally, once the specific authoritative guidance on the accounting for the federal subsidy, such guidance could require us to update previously reported information.

12. EQUITY AND STOCK PLANS

On September 30, 2003, the Company completed a public offering ("Offering") of approximately 4.8 million of its common stock at $24.67 per share. Proceeds from the Offering, net of underwriting fees and related expenses, totaled approximately $112.3 million. The Company currently intends to use the net proceeds for working capital and general corporate purposes, including, but not limited to, potential future acquisitions and debt repayment. The Company's Amended Credit Agreement does not require the Company to prepay debt with any of the net proceeds received from the Offering.

The Company maintains the 2003 Stock Incentive Plan, which allows for grants of stock options, restricted stock and stock bonuses. As of December 31, 2003, there were approximately 1.9 million shares available for grant under this long-term equity incentive plan.

Effective September 24, 2001, the Company established the 2001 Stock Option Plan, as amended, primarily for the purpose of granting options for the purchase of common shares to the Company's executive officers and independent directors. During September 2001, approximately 1.7 million options were granted to participants under this new plan. These options vested to, and were exercisable by, participants on the earlier of 1) the date the Company's closing stock price equaled or exceeded $5.67 per share or 2) the seventh anniversary of the grant date. Because the options granted under this new plan were still subject to stockholder approval at the time of grant, the options resulted in a one-time charge of $2.4 million, which was recorded in the fourth quarter of 2001. The charge represents the difference between the exercise price of the options of $3.65 (the fair value at the date of grant) and the fair value of the Company's common stock at the time of stockholder approval on December 18, 2001, which was $5.07. This charge is included in Special Charges and Reorganization Expenses on the Consolidated Statement of Operations. During 2002, the Company also granted stock options to independent directors under the 2001 Stock Option Plan, as amended. As of December 31, 2003, there were no shares available for grant under the 2001 Stock Option Plan, as amended.

During 2002 and prior years, the Company also granted stock options to key employees and non-employee directors under the 1998 Long-Term Equity Incentive Plan, the 1993 Stock Option Plan and the 1993 and 1996 Stock Option Plans for Non-employee Directors. There are no remaining shares available for grant under any of these plans.

A summary of the Company's stock option activity for the years ended December 31, 2003, 2002 and 2001 is as follows:

	Shares	Weighted Avg. Option Price	Price Range
Outstanding as of December 31, 2000	918,510	$ 6.09	$ 3.63-$9.31
New options granted	1,998,000	3.69	3.65-5.03
Exercised	(46,065)	3.63	3.63-3.63
Canceled	(101,529)	6.54	4.33-9.31
Outstanding as of December 31, 2001	2,768,916	4.38	3.65-9.31
New options granted	1,761,750	12.51	6.25-18.10
Exercised	(2,057,624)	4.25	3.65-11.51
Canceled	(52,050)	10.11	3.65-11.51
Outstanding as of December 31, 2002	2,420,993	10.37	3.65-18.10
New options granted	535,500	21.00	15.97-25.82
Exercised	(280,143)	6.01	3.65-17.43
Canceled	(53,886)	12.38	4.33-19.20
Outstanding as of December 31, 2003	2,622,464	$ 12.97	$ 3.65-$25.82
Exercisable as of December 31, 2001	727,629	$ 6.13	$ 4.17-$9.31
Exercisable as of December 31, 2002	493,310	5.03	3.65-9.31
Exercisable as of December 31, 2003	743,912	9.60	3.65-18.10

Significant option groups outstanding at December 31, 2003 and related weighted average price and life information follows:

	Options outstanding			Options exercisable	
Exercise Price	Number outstanding	Weighted average Exercise price	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price
$3.65-$7.42.....	439,552	$ 4.64	6.89	294,808	$ 4.72
7.67-12.40.....	220,912	10.22	7.96	78,789	10.88
12.90.....	1,413,750	12.90	8.50	336,565	12.90
15.97-19.71.....	379,500	18.87	9.47	33,750	16.21
21.45-25.82.....	168,750	25.50	9.91	--	--
	2,622,464			743,912	

The Company records non-cash compensation expense for its issued and outstanding restricted stock either when the restrictions lapse or ratably over time, when the passage of time is the only restriction. During the fourth quarter of 2003, the Company recorded a non-cash restricted stock charge of approximately $21.8 million related to the lapsing of restrictions over all the restricted stock issuances to Messrs. Franklin, Ashken and Lillie discussed below. The Company will receive a tax deduction for this non-cash restricted stock charge.

During 2003, the Company issued 375,000, 135,000 and 52,500 shares of restricted stock to Messrs. Franklin, Ashken and James E. Lillie, (the Company's President and Chief Operating Officer), respectively. The Company issued these shares under its 2003 Stock Incentive Plan and out its treasury stock account. During 2003, all of these restricted stock issuances either provided or were amended to provide that the restrictions lapse upon the earlier of (i) a change in control of the Company; or (ii) the earlier of the Company's common stock achieving a closing price of $28 (up from $23.33) or the Company achieving annualized revenues of $800 million. However, if such restrictions were to lapse during a period when Messrs. Franklin, Ashken and Lillie were subject to additional contractual limitations on the sale of securities, the restrictions on such shares would continue until the expiration or waiver of such additional contractual limitations. As discussed above, during the fourth quarter of 2003, all such restrictions lapsed and the Company recorded a restricted stock charge.

During 2002, the Company issued 150,000 and 60,000 shares of restricted stock to Messrs. Franklin and Ashken, respectively, under its 1998 Long-Term Equity Incentive Plan, as amended and restated, and out of its treasury stock account. During 2003, the restricted stock issuances were amended to provide that the restrictions would lapse upon the same terms as the 2003 restricted stock issuances discussed above. Also as discussed above, during the fourth quarter of 2003, all such restrictions lapsed and the Company recorded a restricted stock charge.

During 2003, 2002 and 2001, the Company also issued 7,200, 5,250 and 1,500, respectively, of shares of restricted stock to certain other employees. The restrictions on these shares will lapse ratably over five years of employment with the Company.

During 2002, shares of common stock in the aggregate amount of 45,009 were issued to certain employees of the Company under its 1998 Performance Share Plan. In connection with these stock issuances, the Company recorded a non-cash compensation expense charge of approximately $0.6 million.

In February 2003, the Company adopted the 2003 Employee Stock Purchase Plan whereby stock of the Company can be acquired at a 15% discount and no compensation charge is recorded by the Company. Prior to this, the Company maintained another employee stock purchase plan whereby the Company matched 20% of each participating employee's monthly payroll deduction, up to $500. The Company thereby contributed $0.1 million to the plan in each of 2002 and 2001. As of December 31, 2003, there were approximately 0.4 million shares available for grant under the 2003 Employee Stock Purchase Plan.

13. LEASE COMMITMENTS

The Company has commitments under operating leases, certain of which extend through 2007. These commitments total $7.7 million in 2004, $6.2 million in 2005, $4.3 million in 2006, $1.9 million in 2007 and $1.0 million in 2008. Total lease expense was $7.4 million, $5.1 million and $4.8 million in 2003, 2002 and 2001, respectively.

14. CONTINGENCIES

The Company is involved in various legal disputes in the ordinary course of business. In addition, the Environmental Protection Agency has designated the Company as a potentially responsible party, along with numerous other companies, for the clean up of several hazardous waste sites. Based on currently available information, the Company does not believe that the disposition of any of the legal or environmental disputes the Company is currently involved in will have a material adverse effect upon the financial condition, results of operations, cash flows or competitive position of the Company. It is possible, that as additional information becomes available, the impact on the Company of an adverse determination could have a different effect.

15. EXECUTIVE LOAN PROGRAM

On January 24, 2002, Messrs. Franklin and Ashken exercised 900,000 and 450,000 non-qualified stock options, respectively, which had been granted under the Company's 2001 Stock Option Plan. The Company issued these shares out of its treasury stock account. The exercises were accomplished via loans from the Company under its Executive Loan Program. The principal amounts of the loans were $3.3 million and $1.6 million, respectively, and bore interest at 4.125% per annum. The loans were due on January 23, 2007 and were classified within the stockholders' equity section. The loans could be repaid in cash, shares of the Company's common stock, or a combination thereof. In February 2003, Mr. Ashken surrendered to the Company shares of the Company's stock to repay $0.3 million of his loan. On April 29, 2003, Messrs. Franklin and Ashken each surrendered to the Company shares of the Company's common stock to repay in full all remaining principal amounts and accrued interest owed under their respective loans. The Company will not make any additional loans under the Executive Loan Program.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Company actively manages its fixed and floating rate debt mix using interest rate swaps. The Company will enter into fixed and floating rate swaps to alter its exposure to the impact of changing interest rates on its consolidated results of operations and future cash outflows for interest. Floating rate swaps are used to convert the fixed rates of long-term debt into short-term variable rates to take advantage of current market conditions. Fixed rate swaps are used to reduce the Company's risk of the possibility of increased interest costs. Interest rate swap contracts are therefore used by the Company to separate interest rate risk management from the debt funding decision. At December 31, 2003, the interest rate on approximately 30% of the Company's debt obligation, excluding the $2.6 million of non-debt balances discussed in Note 9, was fixed by either the nature of the obligation or through interest rate contracts.

Fair Value Hedges

On May 6, 2003, the Company entered into a $30 million interest rate swap ("New Swap") to receive a fixed rate of interest and pay a variable rate of interest based upon 6 month LIBOR in arrears, plus a spread of 523 basis points. The New Swap is a swap against the Notes.

In March 2003, the Company unwound a $75 million interest rate swap ("First Replacement Swap") to receive a fixed rate of interest and pay a variable rate of interest and contemporaneously entered into a new $75 million interest rate swap ("Second Replacement Swap"). Like the swap that it replaced, the Second Replacement Swap is a swap against the Notes. The variable rate of interest is based on 6 month LIBOR in arrears, plus a spread of 528 basis points. In return for unwinding the swap, the Company received $3.2 million of cash proceeds. Of this amount, approximately $1 million of proceeds related to accrued interest that was owed to the Company at such time. The remaining $2.2 million of proceeds is being amortized over the remaining life of the Notes as a credit to interest expense and the unamortized balances are included in the Company's Consolidated Balance Sheet as an increase to the value of the long-term debt.

Effective September 12, 2002, the Company entered into an agreement, whereby it unwound a $75 million interest rate swap ("Initial Swap") and contemporaneously entered into the First Replacement Swap. The First Replacement Swap had the same terms as the Initial Swap, except that the Company was required to pay a variable rate of interest based upon 6 month LIBOR in arrears. The spread on this contract was 470 basis points. In return for unwinding the Initial Swap, we received $5.4 million in cash proceeds, of which $1 million related to accrued interest that was owed to us. The remaining $4.4 million of proceeds is being amortized over the remaining life of the Notes as a credit to interest expense and is included in our consolidated balance sheet as an increase to the value of the long-term debt. Such amortization amount offsets the increased effective rate of interest that we pay on the Second Replacement Swap.

In conjunction with the Notes, on April 24, 2002, we entered into the Initial Swap, to receive a fixed rate of interest and pay a variable rate of interest based upon LIBOR. The Initial Swap had a maturity date that was the same as the Notes. Interest was payable semi-annually in arrears on May 1 and November 1, commencing on November 1, 2002. The initial effective rate of interest that we established on this swap was 6.05%.

All of our swaps have been and, where applicable, are considered to be effective hedges against changes in the fair value of our fixed-rate debt obligation for both tax and accounting purposes. Accordingly, the interest rate swap contracts are reflected at fair value in the Company's Consolidated Balance Sheet and the related portion of fixed-rate debt being hedged is reflected at an amount equal to the sum of its carrying value plus an adjustment representing the change in fair value of the debt obligations attributable to the interest rate risk being hedged. The fair market value of the interest rate swaps as of December 31, 2003 was against the Company in an amount of approximately $2.6 million and is included as a liability in the Consolidated Balance Sheet, with a corresponding offset to long-term debt. In addition, changes during any accounting period in the fair value of the interest rate swaps, as well as offsetting changes in the adjusted carrying value of the related portion of fixed-rate debt being hedged, will be recognized as adjustments to interest expense in the Company's Consolidated Statements of Operations. The net effect of this accounting on the Company's operating results is that interest expense on the portion of fixed-rate debt being hedged is generally recorded based on variable interest rates. The Company is exposed to credit loss, in the event of non-performance by the other party to its current existing swap, a large financial institution. However, the Company does not anticipate non-performance by the other party.

Cash Flow Hedge

Effective April 2, 2003, the Company entered into an interest rate swap such that converted $37 million of floating rate interest payments under its term loan facility for a fixed obligation that carries an interest rate, including applicable margin, of 4.25% per annum. The swap has interest payment dates that are the same as the term loan facility and it matures on September 30, 2004. The swap is considered to be a cash flow hedge and is also considered to be an effective hedge against changes in the fair value of the Company's floating-rate debt obligation for both tax and accounting purposes. Gains and losses related to the effective portion of the interest rate swap are reported as a component of other comprehensive income and will be reclassified into earnings in the same period that the hedged transaction affects earnings.

The Company's derivative activities do not create additional risk because gains and losses on derivative contracts offset gains and losses on the assets, liabilities and transactions being hedged. As derivative contracts are initiated, the Company designates the instruments individually as either a fair value hedge or a cash flow hedge. Management reviews the correlation and effectiveness of its derivatives on a periodic basis.

17. RELATED PARTY TRANSACTIONS

On May 7, 2001, the Company entered into a letter of intent (the "Letter") with Marlin Partners II, LP ("Marlin"), Catterton Partners, L.P. and Alpha Private Equity Group (collectively, the "Other Investors") for the acquisition by Marlin and the Other Investors of all of the issued and outstanding common stock of the Company. At the time, Marlin was a related party due to its ownership of approximately 10 percent of the issued and outstanding common stock of the Company. Messrs. Franklin and Ashken were the managing partners of Marlin. The Company and Marlin terminated the letter of intent, except for certain expense reimbursement provisions, in which Marlin was reimbursed approximately $480,000 of expenses related to the contemplated transaction. On June 24, 2001, Messrs. Franklin and Ashken became Directors of the Company and on September 24, 2001, Messrs. Franklin and Ashken became executive officers of the Company.

On November 6, 2002, one of the Company's wholly owned subsidiaries entered into an arms length agreement with NewRoads, Inc. ("NewRoads"), a third party provider of pick, pack and ship services, order fulfillment, warehousing, and other services to the retail industry. Pursuant to the agreement, NewRoads agreed to provide such services to the Company's consumer solutions segment. The agreement was due to expire in three years unless it was terminated earlier pursuant to the terms of the agreement and the Company's subsidiary had the right to renew the agreement for additional terms of one year thereafter. Mr. Franklin's brother-in-law was the executive chairman of the board of NewRoads at the time of the agreement being consummated. Mr. Franklin has an indirect ownership interest of less than 1/2% in NewRoads.

18. EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share are calculated based on the weighted average number of outstanding common shares plus the dilutive effect of stock options as if they were exercised and restricted common stock. Due to the net loss for 2001, the effect of the potential exercise of stock options was not considered in the diluted earnings per share calculation for that year since it would be antidilutive.

A computation of earnings per share is as follows:

	YEARS ENDED DECEMBER 31,		
(thousands, except per share amounts)	2003	2002	2001
Net income (loss)	$ 31,778	$ 36,309	$(85,429)
Weighted average shares outstanding	22,663	20,910	19,085
Additional shares assuming conversion of stock options and restricted stock	868	678	--
Weighted average shares outstanding assuming conversion	23,531	21,588	19,085
Basic earnings (loss) per share	$ 1.40	$ 1.74	$ (4.48)
Diluted earnings (loss) per share	$ 1.35	$ 1.68	$ (4.48)

19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Summarized quarterly results of operations for 2003 and 2002 were as follows (see Note 3 for a discussion of the Company's acquisitions that occurred during this period):

(thousands of dollars, except per share amounts)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
2003					
Net sales	$ 97,396	$130,718	$167,874	$191,393	$587,381
Gross profit	38,370	49,480	65,884	71,268	225,002
Net income (1)	4,231	9,951	15,246	2,350	31,778
Basic earnings per share (2)	0.20	0.47	0.71	0.09	1.40
Diluted earnings per share (2)	0.19	0.45	0.69	0.09	1.35
2002					
Net sales	$ 47,384	$104,793	$110,015	$104,912	$367,104
Gross profit (3)	12,525	42,132	48,301	47,517	150,475
Net income (4)	7,192	8,087	11,732	9,298	36,309
Basic earnings per share (2)	0.36	0.38	0.55	0.44	1.74
Diluted earnings per share (2)	0.35	0.38	0.53	0.42	1.68

(1) Fourth quarter of 2003, includes a non-cash restricted stock charge of $21.8 million and related tax benefit.

(2) Earnings per share calculations for each quarter are based on the weighted average number of shares outstanding for each period, and the sum of the quarterly amounts may not necessarily equal the annual earnings per share amounts. All earnings per share amounts have been adjusted to give effect to a 3-for-2 stock split of our outstanding shares of common stock that was effected during the fourth quarter of 2003.

(3) Certain reclassifications have been made in the Company's previously reported net sales and gross profit amounts in 2002 to conform to the presentation in 2003. These reclassifications have no impact on previously reported net income.

(4) First quarter of 2002, includes a tax benefit of $5.4 million arising from the release of a valuation reserve. The second and fourth quarters of 2002, each include $0.5 million of tax expense resulting from reversals of a portion of the release of the valuation allowance recorded in the first quarter.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective and were reasonably designed to ensure that all material information relating to the Company required to be included in the Company's reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding executive officers is included in Part I of this Form 10-K as permitted by General Instruction G(3).

Jarden Corporation has adopted a "Business Conduct and Ethics Policy" ("Code") for all its employees, including its principal executive officer, principal financial officer and principal accounting officer. The Code is available on our Internet Web site at http://www.jarden.com, at the tab "Corporate Governance" in the "Investor Relations" section.

Other information required by Item 10, including information regarding directors, membership and function of the audit committee, including the financial expertise of its members, and Section 16(a) compliance, appearing under the captions "Election of Directors", "Committees of the Board" and "Other Matters" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement is expected to be filed with the Commission on or about April 15, 2004.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 appearing under the caption "Executive Compensation" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement is expected to be filed with the Commission on or about April 15, 2004.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides information regarding compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2003:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS, AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SECURITIES AVAILABLE FOR FUTURE ISSUANCE
Equity compensation plans approved by security holders:			
2003 Stock Incentive Plan	530,250	$ 21.02	1,900,050
2003 Employee Stock Purchase Plan	Not Applicable	Not Applicable	430,954
2001 Stock Option Plan, as amended	382,500	9.39	0
1998 Long-Term Equity Incentive Plan, as amended and restated	1,040,966	10.61	0
1993 Stock Option Plan	650,598	12.41	0
1996 Non-employee Director Plan	15,000	7.87	0
1993 Non-employee Director Plan	3,150	7.40	0
Equity compensation plans not approved by security holders:			
None	Not Applicable	Not Applicable	Not Applicable
Total	2,622,464	$ 12.97	2,331,004

For a description of the equity compensation plans above, see Note 12. of Item 8. Financial Statements and Supplementary Data appearing elsewhere in this Form 10-K.

Additional information required by Item 12 appearing under the captions "Executive Compensation" and "Security Ownership of Certain Beneficial Owners and Management" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement is expected to be filed with the Commission on or about April 15, 2004.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 appearing under the caption "Certain Relationships and Related Transactions" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders is incorporated herein by reference. The Proxy Statement is expected to be filed with the Commission on or about April 15, 2004.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 appearing under the caption "Ratification of the Appointment of Independent Certified Public Accountants" of the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders is incorporated by reference. The Proxy Statement is expected to be filed with the Commission on or about April 15, 2004.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1) Financial Statements:

	Location In Form 10-K
Report of independent auditors	Item 8
Consolidated statements of operations - Years ended December 31, 2003, 2002 and 2001	Item 8
Consolidated balance sheets - December 31, 2003 and 2002	Item 8
Consolidated statements of cash flows - Years ended December 31, 2003, 2002 and 2001	Item 8
Consolidated statements of changes in stockholders' equity - Years ended December 31, 2003, 2002 and 2001	Item 8
Consolidated statements of comprehensive income - Years ended December 31, 2003, 2002 and 2001	Item 8
Notes to consolidated financial statements	Item 8

(2) Financial Statement Schedule:

See Schedule II of this Form 10-K.

(3) Exhibits:

Copies of exhibits incorporated by reference can be obtained from the Commission and are located in Commission File No. 0-12052.

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger between the Company and Alltrista Reincorporation MergerSub, Inc. (filed as Exhibit A to the Company's Definitive Proxy Statement, filed with the Commission on November 26, 2001, and incorporated herein by reference).
2.2	Asset Purchase Agreement, dated as of March 27, 2002, among the Company, Tilia International, Inc., Tilia, Inc., Tilia Canada, Inc., and Andrew Schilling (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
2.3	Amendment No. 1 to the Asset Purchase Agreement, dated as of April 24, 2002, among the Company, Tilia International, Inc., Tilia, Inc., Tilia Canada, Inc., and Andrew Schilling (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
2.4	Asset Purchase Agreement, dated as of November 27, 2002, by and among the Company, Diamond Brands, Incorporated, Diamond Brands Operating Corp., Forster, Inc. and Diamond Brands Kansas, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).

2.5	Section entitled "Technical Modification to Joint Plan of Reorganization" from the Findings of Fact, Conclusions of Law and Order Confirming Joint Plan of Reorganization of Diamond Brands Operating Corp. and its Debtor Affiliates Proposed by the Debtors and the Company by the Honorable Randall J. Newsome on January 29, 2003, in connection with case No. 01-1825 (RJN), a Chapter 11 case captioned "In re: Diamond Brands Operating Corp., et al., Debtors" filed in the United States Bankruptcy Court for the District of Delaware (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
2.6	Stock Purchase Agreement, dated as of August 15, 2003, by and among the Company, American Manufacturing Company, Inc., and Lehigh Consumer Products Corporation (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
*2.7	Securities Purchase Agreement, dated as of February 24, 2004, by and among Bicycle Holding, Inc., the Sellers identified therein, Dudley S. Taft, as the Seller Representative, and the Company.
*2.8	Put and Call Agreement, dated as of February 24, 2004, by and among the shareholders of Bicycle Holding, Inc. that are signatories thereto and the Company.
3.1	Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed with the Commission on March 27, 2002, and incorporated herein by reference).
3.2	Certificate of Amendment of Restated Certificate of Incorporation of the Company (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the Commission on June 4, 2002, and incorporated herein by reference).
3.3	Bylaws of the Company (filed as Exhibit C to the Company's Definitive Proxy Statement, filed with the Commission on November 26, 2001, and incorporated herein by reference).
4.1	Indenture, dated as of April 24, 2002 (the "April 2002 Indenture"), among the Company, Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, Unimark Plastics, Inc., and The Bank of New York, as trustee, and form of Old Note attached as Exhibit A thereto (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
4.2	First Supplemental Indenture to the April 2002 Indenture, dated as of May 7, 2003, among the Company, the guarantors named therein and The Bank of New York, as trustee, and form of note attached as Exhibit A thereto, (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
4.3	Second Supplemental Indenture to the April 2002 Indenture, dated as of May 28, 2003, among the Company, the guarantors named therein and The Bank of New York, as trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
4.4	Third Supplemental Indenture to the April 2002 Indenture, dated as of September 25, 2003, among the Company, the guarantors named therein and The Bank of New York, as trustee (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).

4.5	Registration Rights Agreement, dated as of September 2, 2003, among the Company, American Manufacturing Company, Inc., and the Holders named therein (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
4.6	Form of Subsidiary Guarantee in connection with the exchange of notes under the April 2002 Indenture (filed as Exhibit 4.12 to the Company's Form S-4 Registration Statement filed with the Commission on October 1, 2003, and incorporated herein by reference).
10.1	Form of Change of Control Agreement (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K, filed with the Commission on March 29, 1999, and incorporated herein by reference).
10.2	Form of Amendment to Change of Control Agreement, effective June 21, 2001 (filed as Exhibit 10.16 to the Company's Report on Form 10-Q, filed with the Commission on August 10, 2001, and incorporated herein by reference).
10.3	List of the Company's officer's party to Exhibit 10.1 and Exhibit 10.2 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
10.4	Form of Distribution Agreement between Ball Corporation and the Company (filed as Exhibit 10.7 to the Company's Registration Statement on Form 10, filed with the Commission on March 17, 1993, and incorporated herein by reference).
10.5	Form of Tax Sharing and Indemnification Agreement between Ball Corporation and the Company (filed as Exhibit 10.10 to the Company's Registration Statement on Form 10, filed with the Commission on March 17, 1993, and incorporated herein by reference).
10.6	Form of Indemnification Agreement (filed as Exhibit 10.13 to the Company's Registration Statement on Form 10, filed with the Commission on March 17, 1993, and incorporated herein by reference).
10.7	List of Directors and Executive Officers party to Exhibit 10.6 (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K, filed with the Commission on March 31, 1996, and incorporated herein by reference).
#10.8	Alltrista Corporation 1998 Long Term Equity Incentive Plan, as amended and restated (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
#10.9	Alltrista Corporation 2001 Stock Option Plan (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q, filed with the Commission on November 14, 2001, and incorporated herein by reference).
#10.10	Amendment No. 1 to the Alltrista Corporation 2001 Stock Option Plan (filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.11	Amended and Restated Employment Agreement, dated as of October 1, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).

+#10.12	Amended and Restated Employment Agreement, dated as of October 1, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.13	Employment Agreement between the Company and J. David Tolbert, effective January 1, 2002 (filed as Exhibit 10.36 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.14	Employment Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
+#10.15	Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002 and incorporated herein by reference).
+#10.16	Amendment No. 1, dated as of February 7, 2002, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.17	Amendment No. 2, dated as of April 15, 2002, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.20 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.18	Amendment No. 3, dated as of July 15, 2002, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Martin E. Franklin (filed as Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.19	Amendment No. 4, dated as of September 4, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Martin E. Franklin (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.20	Amendment No. 5, dated as of October 2, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Martin E. Franklin (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.21	Amendment No. 6, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.22	Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).

+#10.23	Amendment No. 1, dated as of September 4, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.24	Amendment No. 2, dated as of October 2, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.25	Amendment No. 3, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.26	Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.27	Amendment No. 1, dated as of February 7, 2003, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.28	Amendment No. 2, dated as of April 15, 2002, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.29	Amendment No. 3, dated as of July 25, 2002, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Ian G.H. Ashken (filed as Exhibit 10.25 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.30	Amendment No. 4, dated as of September 4, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Ian G.H. Ashken (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.31	Amendment No. 5, dated as of October 2, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Ian G.H. Ashken (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.32	Amendment No. 6, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.33	Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).

+#10.34	Amendment No. 1, dated as of September 4, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.35	Amendment No. 2, dated as of October 2, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.36	Amendment No. 3, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.37	Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.38	Amendment No. 1, dated as of September 4, 2003, to the Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.39	Amendment No. 2, dated as of October 2, 2003, to the Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.40	Amendment No. 3, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.41	Promissory Note, dated January 24, 2002, by Martin E. Franklin in favor of the Company (filed as Exhibit 10.37 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.42	Promissory Note, dated January 24, 2002, by Ian G.H. Ashken in favor of the Company (filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+10.43	Alltrista Corporation 2002 Executive Loan Program (filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
#10.44	Jarden Corporation 2003 Stock Incentive Plan (incorporated by reference from Annex B to the Company's 2003 Definitive Proxy Statement with respect to the Company's 2003 Annual Meeting of Stockholders, as filed with the Commission on March 28, 2003).
#10.45	Jarden Corporation 2003 Stock Employee Stock Purchase Plan (incorporated by reference from Annex C to the Company's 2003 Definitive Proxy Statement with respect to the Company's 2003 Annual Meeting of Stockholders, as filed with the Commission on March 28, 2003).

10.46	Amended and Restated Credit Agreement, dated as of September 2, 2003, among the Company, Bank of America, N.A., as Administrative Agent, Swing Line Lender, and L/C Issuer, Canadian Imperial Bank of Commerce, as Syndication Agent, National City Bank of Indiana and Fleet National Bank, as Co-Documentation Agents. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
10.47	Amendment No. 1, dated as of September 25, 2003, to the Amended and Restated Credit Agreement by and among the Company, Bank of America, N.A., as Administrative Agent, the Lenders signatory thereto and each of the Subsidiary Guarantors (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
*10.48	Amendment No. 2, dated as December 3, 2003, to the Amended and Restated Credit Agreement by and among the Company, Bank of America, N.A., as Administrative Agent, the Lenders signatory thereto and each of the Subsidiary Guarantors.
10.49	Consent, Waiver and Amendment No. 1 to Credit Agreement, dated as of September 18, 2002, among the Company, the Guarantors, Bank of America, N.A., as Administrative Agent and Lender, and the other lenders party thereto (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
10.50	Amendment No. 2 to Credit Agreement and Amendment No. 1 to Security Agreement, dated as of September 27, 2002, among the Company, the Guarantors, Bank of America, N.A., as Administrative Agent and Lender, and the other lenders party thereto (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
10.51	Amendment No. 3 to Credit Agreement and Waiver, dated as of January 31, 2003, among the Company, the Guarantors, Bank of America, N.A., as Administrative Agent and Lender, and the other lenders party thereto (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
10.52	Guaranty Agreement, dated as of April 24, 2002, by Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, and Unimark Plastics, Inc. to Bank of America, NA., as administrative agent (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.53	Security Agreement, dated as of April 24, 2002, among the Company, Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, Unimark Plastics, Inc., and Bank of America, N.A., as administrative agent (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).

10.54	Intellectual Property Security Agreement, dated as of April 24, 2002, among the Company, Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, Unimark Plastics, Inc., and Bank of America, N.A., as administrative agent (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.55	Securities Pledge Agreement, dated as of April 24, 2002, among the Company, Quoin Corporation, Alltrista Newco Corporation, Caspers Tin Plate Company, and Bank of America, NA., as administrative agent (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.56	Consolidated Amendment to Guaranty and Security Instruments, dated as of September 2, 2003, among the Company, the Guarantors, and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
10.57	Unsecured Subordinated Note, dated as of April 24, 2002, by the Company in favor of Tilia International, Inc. in the principal amount of $5,000,000 (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.58	Unsecured Subordinated Note, dated as of April 24, 2002, by the Company in favor of Tilia International, Inc. in the principal amount of $10,000,000 (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.59	Escrow Agreement, dated as of April 24, 2002, among the Company, Tilia International, Inc., Tilia, Inc., Tilia Canada, Inc., Andrew Schilling, and J. P. Morgan Trust Company, National Association, as escrow agent (filed as Exhibit 10.10 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.60	Long Term Escrow Agreement, dated as of April 24, 2002, among the Company, Tilia International, Inc., Andrew Schilling, and J. P. Morgan Trust Company, National Association, as escrow agent (filed as Exhibit 10.11 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.61	Form of the new 9 3/4% Senior Subordinated Notes Due 2012 (the "New Note") (filed as Exhibit 10.40 to Company's Annual Report on Form 10-K, filed with the Commission on February 28, 2003 and incorporated herein by reference).
*21.1	Subsidiaries of the Company.
*23.1	Consent of Independent Auditors.
*31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

*32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- ----------
* Filed herewith
\+ This Exhibit represents a management contract.
\# This Exhibit represents a compensatory plan.

(b) Reports on Form 8-K

In a Form 8-K filed on October 27, 2003, the Company (i) filed a press release announcing its third quarter 2003 earnings; (ii) disclosed that on October 1, 2003, it had entered into an Amended and Restated Employment Agreement with each of Martin E. Franklin, as Chairman and Chief Executive Officer of the Company, and Ian G.H. Ashken, as Vice Chairman, Chief Financial Officer and Secretary of the Company; and (iii) disclosed that on October 2, 2003, the Company entered into amendments to several Restricted Stock Award Agreements between the Company and each of Martin E. Franklin, Ian G.H. Ashken and James E. Lillie. Several documents relating to the foregoing were filed with the Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

JARDEN CORPORATION
(Registrant)

By: /s/ Martin E. Franklin

Martin E. Franklin
Chairman and Chief Executive Officer
March 12, 2004

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

/s/ Martin E. Franklin	Chairman and Chief Executive Officer (Principal Executive Officer)
Martin E. Franklin	March 12, 2004
/s/ Ian G.H. Ashken	Vice Chairman, Chief Financial Officer and Company Secretary (Principal Financial Officer and Principal Accounting Officer)
Ian G.H. Ashken	March 12, 2004
/s/ Rene-Pierre Azria	Director
Rene-Pierre Azria	March 12, 2004
/s/ Douglas W. Huemme	Director
Douglas W. Huemme	March 12, 2004
/s/ Richard L. Molen	Director
Richard L. Molen	March 12, 2004
/s/ Lynda W. Popwell	Director
Lynda W. Popwell	March 12, 2004
/s/ Irwin D. Simon	Director
Irwin D. Simon	March 12, 2004
/s/ Robert L. Wood	Director
Robert L. Wood	March 12, 2004

SCHEDULE II

JARDEN CORPORATION
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(THOUSANDS OF DOLLARS)

	Balance at beginning of period	Charges to costs and expense	Deductions from reserves	Other (1)	Balance at end of period
Reserves against accounts receivable:					
2003	$(6,095)	$(38,246)	$ 37,194	$ (4,733)	$(11,880)
2002	(778)	(15,176)	12,957	(3,098)	(6,095)
2001	(1,517)	(1,589)	1,933	395	(778)
Reserves against deferred taxes:					
2003	$(1,000)	$ --	$ --	$ --	$ (1,000)
2002	(5,395)	(1,000)	5,395	--	(1,000)
2001	--	(5,395)	--	--	(5,395)

(1) Principally consisting of acquisitions and divestitures.

Copies of exhibits incorporated by reference can be obtained from the Commission and are located in Commission File No. 0-12052.

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger between the Company and Alltrista Reincorporation MergerSub, Inc. (filed as Exhibit A to the Company's Definitive Proxy Statement, filed with the Commission on November 26, 2001, and incorporated herein by reference).
2.2	Asset Purchase Agreement, dated as of March 27, 2002, among the Company, Tilia International, Inc., Tilia, Inc., Tilia Canada, Inc., and Andrew Schilling (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
2.3	Amendment No. 1 to the Asset Purchase Agreement, dated as of April 24, 2002, among the Company, Tilia International, Inc., Tilia, Inc., Tilia Canada, Inc., and Andrew Schilling (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
2.4	Asset Purchase Agreement, dated as of November 27, 2002, by and among the Company, Diamond Brands, Incorporated, Diamond Brands Operating Corp., Forster, Inc. and Diamond Brands Kansas, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
2.5	Section entitled "Technical Modification to Joint Plan of Reorganization" from the Findings of Fact, Conclusions of Law and Order Confirming Joint Plan of Reorganization of Diamond Brands Operating Corp. and its Debtor Affiliates Proposed by the Debtors and the Company by the Honorable Randall J. Newsome on January 29, 2003, in connection with case No. 01-1825 (RJN), a Chapter 11 case captioned "In re: Diamond Brands Operating Corp., et al., Debtors" filed in the United States Bankruptcy Court for the District of Delaware (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
2.6	Stock Purchase Agreement, dated as of August 15, 2003, by and among the Company, American Manufacturing Company, Inc., and Lehigh Consumer Products Corporation (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
*2.7	Securities Purchase Agreement, dated as of February 24, 2004, by and among Bicycle Holding, Inc., the Sellers identified therein, Dudley S. Taft, as the Seller Representative, and the Company.
*2.8	Put and Call Agreement, dated as of February 24, 2004, by and among the shareholders of Bicycle Holding, Inc. that are signatories thereto and the Company.
3.1	Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed with the Commission on March 27, 2002, and incorporated herein by reference).
3.2	Certificate of Amendment of Restated Certificate of Incorporation of the Company (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the Commission on June 4, 2002, and incorporated herein by reference).

3.3	Bylaws of the Company (filed as Exhibit C to the Company's Definitive Proxy Statement, filed with the Commission on November 26, 2001, and incorporated herein by reference).
4.1	Indenture, dated as of April 24, 2002 (the "April 2002 Indenture"), among the Company, Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, Unimark Plastics, Inc., and The Bank of New York, as trustee, and form of Old Note attached as Exhibit A thereto (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
4.2	First Supplemental Indenture to the April 2002 Indenture, dated as of May 7, 2003, among the Company, the guarantors named therein and The Bank of New York, as trustee, and form of note attached as Exhibit A thereto, (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
4.3	Second Supplemental Indenture to the April 2002 Indenture, dated as of May 28, 2003, among the Company, the guarantors named therein and The Bank of New York, as trustee (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
4.4	Third Supplemental Indenture to the April 2002 Indenture, dated as of September 25, 2003, among the Company, the guarantors named therein and The Bank of New York, as trustee (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
4.5	Registration Rights Agreement, dated as of September 2, 2003, among the Company, American Manufacturing Company, Inc., and the Holders named therein (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
4.6	Form of Subsidiary Guarantee in connection with the exchange of notes under the April 2002 Indenture (filed as Exhibit 4.12 to the Company's Form S-4 Registration Statement filed with the with the Commission on October 1, 2003, and incorporated herein by reference).
10.1	Form of Change of Control Agreement (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K, filed with the Commission on March 29, 1999, and incorporated herein by reference).
10.2	Form of Amendment to Change of Control Agreement, effective June 21, 2001 (filed as Exhibit 10.16 to the Company's Report on Form 10-Q, filed with the Commission on August 10, 2001, and incorporated herein by reference).
10.3	List of the Company's officer's party to Exhibit 10.1 and Exhibit 10.2 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
10.4	Form of Distribution Agreement between Ball Corporation and the Company (filed as Exhibit 10.7 to the Company's Registration Statement on Form 10, filed with the Commission on March 17, 1993, and incorporated herein by reference).
10.5	Form of Tax Sharing and Indemnification Agreement between Ball Corporation and the Company (filed as Exhibit 10.10 to the Company's Registration Statement on Form 10, filed with the Commission on March 17, 1993, and incorporated herein by reference).

10.6	Form of Indemnification Agreement (filed as Exhibit 10.13 to the Company's Registration Statement on Form 10, filed with the Commission on March 17, 1993, and incorporated herein by reference).
10.7	List of Directors and Executive Officers party to Exhibit 10.6 (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K, filed with the Commission on March 31, 1996, and incorporated herein by reference).
#10.8	Alltrista Corporation 1998 Long Term Equity Incentive Plan, as amended and restated (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
#10.9	Alltrista Corporation 2001 Stock Option Plan (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q, filed with the Commission on November 14, 2001, and incorporated herein by reference).
#10.10	Amendment No. 1 to the Alltrista Corporation 2001 Stock Option Plan (filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.11	Amended and Restated Employment Agreement, dated as of October 1, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.12	Amended and Restated Employment Agreement, dated as of October 1, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.13	Employment Agreement between the Company and J. David Tolbert, effective January 1, 2002 (filed as Exhibit 10.36 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.14	Employment Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
+#10.15	Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002 and incorporated herein by reference).
+#10.16	Amendment No. 1, dated as of February 7, 2002, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.17	Amendment No. 2, dated as of April 15, 2002, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.20 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).

+#10.18	Amendment No. 3, dated as of July 15, 2002, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Martin E. Franklin (filed as Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.19	Amendment No. 4, dated as of September 4, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Martin E. Franklin (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.20	Amendment No. 5, dated as of October 2, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Martin E. Franklin (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.21	Amendment No. 6, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Martin E. Franklin (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.22	Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.23	Amendment No. 1, dated as of September 4, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.24	Amendment No. 2, dated as of October 2, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.25	Amendment No. 3, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Martin E. Franklin (filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.26	Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.27	Amendment No. 1, dated as of February 7, 2003, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.28	Amendment No. 2, dated as of April 15, 2002, to Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).

+#10.29	Amendment No. 3, dated as of July 25, 2002, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Ian G.H. Ashken (filed as Exhibit 10.25 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 2002, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.30	Amendment No. 4, dated as of September 4, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Ian G.H. Ashken (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.31	Amendment No. 5, dated as of October 2, 2003, to Restricted Stock Award Agreement dated January 2, 2002 between the Company and Ian G.H. Ashken (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.32	Amendment No. 6, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated January 2, 2002, between the Company and Ian G.H. Ashken (filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.33	Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.34	Amendment No. 1, dated as of September 4, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.35	Amendment No. 2, dated as of October 2, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).
+#10.36	Amendment No. 3, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated as of May 8, 2003, between the Company and Ian G.H. Ashken (filed as Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.37	Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.38	Amendment No. 1, dated as of September 4, 2003, to the Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
+#10.39	Amendment No. 2, dated as of October 2, 2003, to the Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on October 27, 2003, and incorporated herein by reference).

+#10.40	Amendment No. 3, dated as of October 31, 2003, to the Restricted Stock Award Agreement, dated as of August 4, 2003, between the Company and James E. Lillie (filed as Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003, filed with the Commission on November 14, 2003, and incorporated herein by reference).
+#10.41	Promissory Note, dated January 24, 2002, by Martin E. Franklin in favor of the Company (filed as Exhibit 10.37 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+#10.42	Promissory Note, dated January 24, 2002, by Ian G.H. Ashken in favor of the Company (filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
+10.43	Alltrista Corporation 2002 Executive Loan Program (filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K/A, filed with the Commission on October 17, 2002, and incorporated herein by reference).
#10.44	Jarden Corporation 2003 Stock Incentive Plan (incorporated by reference from Annex B to the Company's 2003 Definitive Proxy Statement with respect to the Company's 2003 Annual Meeting of Stockholders, as filed with the Commission on March 28, 2003).
#10.45	Jarden Corporation 2003 Stock Employee Stock Purchase Plan (incorporated by reference from Annex C to the Company's 2003 Definitive Proxy Statement with respect to the Company's 2003 Annual Meeting of Stockholders, as filed with the Commission on March 28, 2003).
10.46	Amended and Restated Credit Agreement, dated as of September 2, 2003, among the Company, Bank of America, N.A., as Administrative Agent, Swing Line Lender, and L/C Issuer, Canadian Imperial Bank of Commerce, as Syndication Agent, National City Bank of Indiana and Fleet National Bank, as Co-Documentation Agents. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
10.47	Amendment No. 1, dated as of September 25, 2003, to the Amended and Restated Credit Agreement by and among the Company, Bank of America, N.A., as Administrative Agent, the Lenders signatory thereto and each of the Subsidiary Guarantors (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on September 26, 2003, and incorporated herein by reference).
*10.48	Amendment No. 2, dated as December 3, 2003, to the Amended and Restated Credit Agreement by and among the Company, Bank of America, N.A., as Administrative Agent, the Lenders signatory thereto and each of the Subsidiary Guarantors.
10.49	Consent, Waiver and Amendment No. 1 to Credit Agreement, dated as of September 18, 2002, among the Company, the Guarantors, Bank of America, N.A., as Administrative Agent and Lender, and the other lenders party thereto (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
10.50	Amendment No. 2 to Credit Agreement and Amendment No. 1 to Security Agreement, dated as of September 27, 2002, among the Company, the Guarantors, Bank of America, N.A., as Administrative Agent and Lender, and the other lenders party thereto (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).

10.51	Amendment No. 3 to Credit Agreement and Waiver, dated as of January 31, 2003, among the Company, the Guarantors, Bank of America, N.A., as Administrative Agent and Lender, and the other lenders party thereto (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on February 14, 2003, and incorporated herein by reference).
10.52	Guaranty Agreement, dated as of April 24, 2002, by Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, and Unimark Plastics, Inc. to Bank of America, NA., as administrative agent (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.53	Security Agreement, dated as of April 24, 2002, among the Company, Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, Unimark Plastics, Inc., and Bank of America, N.A., as administrative agent (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.54	Intellectual Property Security Agreement, dated as of April 24, 2002, among the Company, Alltrista Newco Corporation, Alltrista Plastics Corporation, Alltrista Unimark, Inc., Alltrista Zinc Products, L.P., Caspers Tin Plate Company, Hearthmark, Inc., Lafayette Steel & Aluminum Corporation, LumenX Corporation, Penn Video, Inc., Quoin Corporation, Tilia, Inc., Tilia Direct, Inc., Tilia International, Inc., TriEnda Corporation, Unimark Plastics, Inc., and Bank of America, N.A., as administrative agent (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.55	Securities Pledge Agreement, dated as of April 24, 2002, among the Company, Quoin Corporation, Alltrista Newco Corporation, Caspers Tin Plate Company, and Bank of America, NA., as administrative agent (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.56	Consolidated Amendment to Guaranty and Security Instruments, dated as of September 2, 2003, among the Company, the Guarantors, and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the Commission on September 5, 2003, and incorporated herein by reference).
10.57	Unsecured Subordinated Note, dated as of April 24, 2002, by the Company in favor of Tilia International, Inc. in the principal amount of $5,000,000 (filed as Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.58	Unsecured Subordinated Note, dated as of April 24, 2002, by the Company in favor of Tilia International, Inc. in the principal amount of $10,000,000 (filed as Exhibit 10.9 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.59	Escrow Agreement, dated as of April 24, 2002, among the Company, Tilia International, Inc., Tilia, Inc., Tilia Canada, Inc., Andrew Schilling, and J. P. Morgan Trust Company, National Association, as escrow agent (filed as Exhibit 10.10 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).

10.60	Long Term Escrow Agreement, dated as of April 24, 2002, among the Company, Tilia International, Inc., Andrew Schilling, and J. P. Morgan Trust Company, National Association, as escrow agent (filed as Exhibit 10.11 to the Company's Current Report on Form 8-K, filed with the Commission on May 9, 2002, and incorporated herein by reference).
10.61	Form of the new 9 3/4% Senior Subordinated Notes Due 2012 (the "New Note") (filed as Exhibit 10.40 to Company's Annual Report on Form 10-K, filed with the Commission on February 28, 2003 and incorporated herein by reference).
*21.1	Subsidiaries of the Company.
*23.1	Consent of Independent Auditors.
*31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- ------------------------
* Filed herewith
\+ This Exhibit represents a management contract.
\# This Exhibit represents a compensatory plan.

EXECUTION VERSION

SECURITIES PURCHASE AGREEMENT

BY AND AMONG

BICYCLE HOLDING, INC.,

THE SELLERS IDENTIFIED HEREIN,

THE SELLER REPRESENTATIVE IDENTIFIED HEREIN

AND

JARDEN CORPORATION

DATED AS OF FEBRUARY 24, 2004

TABLE OF CONTENTS

EXHIBITS:
- ---------

Exhibit A Adjustment Procedures

Exhibit B Non-Compete Parties

Exhibit C Employment Agreement Parties

Exhibit D Subordinated Debt

Exhibit E Restricted Sellers

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT, dated as of February 24, 2004 (this "Agreement"), by and among Bicycle Holding, Inc., a Delaware corporation (the "Company"), the Sellers (as defined below), Dudley S. Taft, as the Seller Representative (as defined below), and Jarden Corporation, a Delaware corporation (the "Buyer"). In addition to the terms defined elsewhere in this Agreement, certain terms used herein are defined in Section 13 hereof.

R E C I T A L S:

WHEREAS, the Sellers desire to sell to the Buyer, and the Buyer desires to purchase from the Sellers, the capital stock of the Company beneficially owned by the Sellers, as set forth opposite the Sellers' respective names on Schedule I attached hereto (the "Purchased Securities"), which Purchased Securities represent at least 75% of the outstanding capital stock of the Company (on a fully diluted basis), on the terms and conditions set forth in this Agreement;

WHEREAS, on the date hereof, the Buyer and certain holders of securities of the Company (the "Put/Call Holders") are, simultaneously with this Agreement, entering into a Put and Call Agreement (the "Put and Call Agreement"), pursuant to which the Put/Call Holders are being granted the right to put to the Buyer, and the Buyer is being granted the right to purchase from the Put/Call Holders, shares of capital stock of the Company, all as more fully described in the Put and Call Agreement (collectively, the "Put/Call Shares"), representing not more than 25% of the outstanding capital stock of the Company (on a fully diluted basis) on the terms and conditions set forth in such Put and Call Agreement;

WHEREAS, the Purchased Securities and the Put/Call Shares, together, will represent 100% of the outstanding equity interests (on a fully diluted basis) in the Company; and

WHEREAS, the parties hereto desire to provide for certain other matters as provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements herein contained, the parties hereto, each intending to be legally bound, hereby agree as follows:

SECTION 1. ACQUISITION OF SECURITIES

1.1. Purchase and Sale of Purchased Securities.

Subject to the terms and conditions of, and on the basis of and in reliance upon the covenants, agreements and representations and warranties set forth in, this Agreement, at the Closing (as defined below), each Seller shall sell, transfer, convey, assign, and deliver to the Buyer, and the Buyer shall purchase and acquire from each Seller, free and clear of all Encumbrances, all of the Purchased Securities set forth opposite such Seller's name on Schedule I attached hereto at such Seller's Proportionate Interest of the Purchase Price (as defined below) therefor, as set forth opposite such Seller's name on such Schedule I.

SECTION 2. PURCHASE PRICE AND PAYMENT

2.1. Purchase Price.

(a) The aggregate purchase price (the "Purchase Price") for the Purchased Securities shall be an amount equal to the product of (A) Two Hundred and Thirty-Two Million Dollars ($232,000,000) less the Closing Date Deduction (the "Adjusted Equity Value"); multiplied by (B) the Purchased Securities Percentage as of the Closing, to be paid in cash or reserved by the Buyer at the Closing in accordance with Section 2.1(b).

(b) In addition to all other applicable terms hereof, the Purchase Price will be paid and subject to adjustment as follows:

(i) The Purchase Price, less the Initial Holdback Amount (as hereinafter defined), shall be paid by the Buyer to the Seller Representative by wire transfer of immediately available funds at the Closing; and

(ii) the product of (A) $20,000,000, multiplied by (B) the Purchased Securities Percentage (such product of (A) multiplied by (B), the "Initial Holdback Amount") shall be retained by the Buyer from the Purchase Price to satisfy any claims for indemnity made pursuant to Section 11.2(a) and Section 11.2(b) (it being understood that, except as otherwise set forth herein, the Holdback Amount shall be a cap or limit on the Sellers' indemnity obligations under this Agreement). The term "Holdback Amount" shall mean the Initial Holdback Amount, as such amount is reduced from time to time by (1) any claims for indemnity paid against it, and (2) the April 1, 2005 and April 1, 2006 release payments to Sellers, each of which shall be administered in accordance with Section 12.6, and increased by any Aggregate Call Holdback Amount or Individual Put Holdback Amounts retained by the Buyer in connection with its purchase of Put/Call Shares pursuant to the Put and Call Agreement.

2.2. Contingent Payment.

(a) As soon as practicable, but in any event no later than ninety (90) days following each of December 31, 2004, December 31, 2005 and December 31, 2006, the Buyer shall (i) prepare in accordance with GAAP a statement derived from the audited financial statements of the Buyer (each, an "Earn-Out Statement") of the Business EBITDA (as defined below) for each of the full fiscal years ending on such dates (such one-year periods together being the "Earn-Out Period") and, in the Earn-Out Statement for the fiscal year ending December 31, 2006, the Average Annual Business EBITDA (as defined below) for the Earn-Out Period, and (ii) deliver each Earn-Out Statement to the Seller Representative. At any time prior to the expiration of each period ending forty-five (45) days following the Seller Representative's receipt of each Earn-Out Statement for the fiscal years ending December 31, 2004 and December 31, 2005 (each such period, a "Preliminary Dispute Period") and, with respect to the Final Earn-Out Statement (as defined below), during the Final Dispute Period (as defined below), the Buyer shall upon reasonable notice, and during normal business hours, provide the Seller Representative and/or one or more accountants designated by the Seller Representative with reasonable access to the management of the Company, and the Buyer shall, and shall cause the Buyer's accountants, upon reasonable notice, to provide reasonable access to any and all

documents, records and work papers used in the preparation of such Earn-Out Statement or Final Earn-Out Statement (as applicable) and shall reasonably cooperate with the Seller Representative and/or such accountant(s) in connection with any such review of such Earn-Out Statement or Final Earn-Out Statement and the documents, records and work papers related thereto. The Seller Representative shall have until the expiration of each Preliminary Dispute Period to dispute any or all amounts or elements of the Earn-Out Statement delivered immediately prior to such Preliminary Dispute Period (any such dispute, a "Preliminary Dispute"). The Seller Representative may provide to the Buyer, prior to the end of any Preliminary Dispute Period, written notice of a Preliminary Dispute (a "Preliminary Dispute Notice"), specifically setting forth the amounts and elements with which the Seller Representative disagrees and each basis for each such disagreement. If the Seller Representative does not so deliver a Preliminary Dispute Notice to the Buyer prior to the end of any applicable Preliminary Dispute Period, the Earn-Out Statement delivered immediately prior to such Preliminary Dispute Period shall be final and binding upon each Seller and the Seller Representative in the form in which it was delivered to the Seller Representative by the Buyer, and no amounts in such Earn-Out Statement may be disputed by or on behalf of any Seller in the Dispute Notice (as defined below). The Seller Representative shall have forty-five (45) days after receipt of the Earn-Out Statement prepared for the fiscal year ending December 31, 2006 (the "Final Earn-Out Statement") (such period, the "Final Dispute Period") to dispute any or all amounts or elements of the Final Earn-Out Statement (together with any items set forth in a Preliminary Dispute Notice with respect to any Preliminary Dispute Period that has not been resolved between the Buyer and the Seller Representative in accordance with Section 2.2(b), a "Dispute"). The Seller Representative may provide to the Buyer, prior to the end of the Final Dispute Period, written notice of a Dispute (a "Dispute Notice"), specifically setting forth the amounts and elements with which the Seller Representative disagrees and each basis for each such disagreement and any such Dispute shall be limited to the matters as set forth in such Dispute Notice. If immediately prior to the end of the Final Dispute Period any Preliminary Dispute Notice has not been resolved between the Buyer and the Seller Representative in accordance with Section 2.2(b), in the absence of written notice from the Seller Representative canceling such Preliminary Dispute Notice or amending its terms, the Seller Representative shall be deemed to have delivered a Dispute Notice with respect to any such Preliminary Dispute Notice (and the terms of any such Dispute Notice shall be the same as set forth in the applicable Preliminary Dispute Notice). If a Dispute Notice is not delivered or deemed to have been delivered to the Buyer prior to the end of the Final Dispute Period, the Final Earn-Out Statement shall be final and binding upon each Seller and the Seller Representative in the form in which it was delivered to the Seller Representative by the Buyer, and no amounts in such Final Earn-Out Statement may be disputed by or on behalf of any Seller in the Dispute Notice. Notwithstanding anything in this Section 2.2 to the contrary, the Buyer may not dispute any amounts or elements contained in any Earn-Out Statement, including the Final Earn-Out Statement, once any such Earn-Out Statement has been delivered to the Seller Representative (except to the extent that any such disputed amounts or elements relate to or arise out of any pending Dispute).

(b) If the Seller Representative shall have delivered to the Buyer a Preliminary Dispute Notice prior to the end of the Preliminary Dispute Period, the Seller Representative and the Buyer shall, in good faith, attempt to resolve the Preliminary Dispute described in such Preliminary Dispute Notice and to agree in writing upon the final contents of the subject Earn-Out Statement within ninety (90) days following delivery by the Seller

Representative of such Preliminary Dispute Notice to the Buyer. If the Seller Representative and the Buyer cannot so agree upon such final contents of such Earn-Out Statement within such ninety (90) day period, the Seller Representative shall retain the right to incorporate any and all unresolved amounts or elements in a Dispute Notice. If the Seller Representative shall have delivered to the Buyer a Dispute Notice prior to the end of the Final Dispute Period, the Seller Representative and the Buyer shall, in good faith, attempt to resolve the Dispute described in such Dispute Notice and to agree in writing upon the final contents (to the extent then under dispute) of each relevant Earn-Out Statement (including the Final Earn-Out Statement) within fifteen (15) days following delivery by the Seller Representative of such Dispute Notice to the Buyer. If the Seller Representative and the Buyer are unable to resolve such Dispute within such fifteen (15) day period, then the Seller Representative and the Buyer shall promptly submit such Dispute for resolution to an independent certified public accounting firm of recognized international standing, mutually acceptable to the Seller Representative and the Buyer (the "Arbitrating Accountant"), for review and resolution of any and all matters that remain in dispute and that were properly included in the Dispute Notice, provided that any amount of the Contingent Payment payable in respect of resolved amounts that are not otherwise subject to any Dispute shall promptly be paid by the Buyer to the Seller Representative in accordance herewith. In connection with the resolution of any Dispute, the Arbitrating Accountant shall have reasonable access to the management of the Company and the Buyer and all work papers, records, documents and facilities reasonably necessary to perform its functions as arbitrator hereunder. The Arbitrating Accountant's function shall be to resolve only the matters in Dispute in accordance with the terms and provisions of this Section 2.2 and, if required, to revise each applicable Earn-Out Statement (including the Final Earn-Out Statement) in order to conform with its resolution of the Dispute. In rendering its decision, the Arbitrating Accountant shall, in its sole discretion, apportion its fees and expenses in connection with the Dispute, based on its views as to the relative merits of the positions of each party in the Dispute; provided, however, that the Sellers shall advance half, and the Buyer shall advance the other half, of any retainer fee or deposit required by the Arbitrating Accountant in advance of a final resolution, subject to reapportionment by the Arbitrating Accountant of its fees and expenses as aforesaid. All determinations of the Arbitrating Accountant rendered in accordance with this Section 2.2, including any revisions made to any Earn-Out Statement (including the Final Earn-Out Statement) and the Arbitrating Accountant's apportionment of expenses as between the relevant Sellers and the Buyer, shall be final and binding on the parties hereto (including the Seller Representative), and none of the Sellers, the Seller Representative nor the Buyer shall have any right to appeal any such determinations.

(c) The Buyer and each Seller shall, and the Sellers shall cause the Seller Representative to, cooperate fully and expeditiously with the Arbitrating Accountant in order to facilitate the receipt of the final determinations of the Arbitrating Accountant within thirty (30) days following submission of a Dispute to the Arbitrating Accountant.

(d) On or before the later of March 31, 2007 and forty-five (45) days after the date (the "Final Earn-Out Determination Date") of the final determination of the contents of the Earn-Out Statements, including the Final Earn-Out Statement (whether as a result of the failure by the Seller Representative to timely deliver a Dispute Notice, the agreement by the Seller Representative and the Buyer on the final contents of such Earn-Out Statements or the determination of the Arbitrating Accountant), the Seller Representative shall notify the Buyer in

writing of those Persons to which the Contingent Payment is to be paid, which notice shall include the allocation of the Contingent Payment among such Persons (which allocation shall not result in the payment of more than 20% of the Contingent Payment to any such Persons who are not identified as "accredited investors" (as defined in Rule 501(a) promulgated under the Securities Act) on Schedule I hereto) and the respective addresses or accounts to which such Contingent Payment (as so allocated) shall be delivered. The Buyer shall promptly pay to such Persons (as so instructed by the Seller Representative in such notice, and the Buyer shall have no liability to any Seller for following such instructions) in cash or Buyer Common Stock (as defined below), or a combination thereof, in the Buyer's sole discretion, the following applicable amount (subject to any withholdings required by applicable Law), if any, in respect of the Contingent Payment:

(i) If the Average Annual Business EBITDA is less than Thirty Million Dollars ($30,000,000), no amount shall be required to be paid.

(ii) If the Average Annual Business EBITDA is equal to or greater than Thirty Million Dollars ($30,000,000) but less than Thirty-Two Million Dollars ($32,000,000), an amount equal to the product of (A) the excess of the Average Annual Business EBITDA over Thirty Million Dollars ($30,000,000), multiplied by five (5), multiplied by (B) the Purchased Securities Percentage.

(iii) If the Average Annual Business EBITDA is equal to or greater than Thirty-Two Million Dollars ($32,000,000), an amount equal to the product of (A) Ten Million Dollars ($10,000,000), multiplied by (B) the Purchased Securities Percentage.

(e) In the event that, prior to January 1, 2007, the Buyer sells or otherwise disposes of all or substantially all of the Bicycle Business (which shall not include the sale of the Bicycle Business as part of a sale or change of control transaction of Buyer), the Buyer shall notify the Seller Representative in writing of the closing of such sale or disposition not less than ten (10) days prior to the date on which such closing is scheduled to occur. Within thirty (30) days after the closing of such sale or disposition, the Seller Representative shall notify the Buyer in writing of those Persons to which the Contingent Payment is to be paid, which notice shall include the allocation of the Contingent Payment among such Persons (which allocation shall not result in the payment of more than Two Million Dollars ($2,000,000) of the Contingent Payment to any such Persons who are not identified as "accredited investors" (as defined in Rule 501(a) promulgated under the Securities Act) on Schedule I hereto) and the respective addresses or accounts to which such Contingent Payment (as so allocated) shall be delivered. The Buyer shall promptly pay to such Persons (as so instructed by the Seller Representative in such notice, and the Buyer shall have no liability to any Seller for following such instructions) the Contingent Payment in an amount equal to the product of (i) Ten Million Dollars ($10,000,000), multiplied by (ii) the Purchased Securities Percentage.

(f) Within thirty (30) days after the Final Earn-Out Determination Date, the Buyer shall provide to the Seller Representative a written statement: (i) electing to pay the Contingent Payment (if any) in accordance with the written instructions of the Seller Representative set forth in the notice to the Buyer given pursuant to Section 2.2(d) (A) in cash ("Cash Payment Election"), (B) in validly issued, fully paid and nonassessable shares of the

common stock, par value $0.01 per share, of the Buyer ("Buyer Common Stock") up to a maximum of Eight Million Dollars ($8,000,000) in value, which shares will be delivered to the Persons identified as "accredited investors" (as defined in Rule 501(a) promulgated under the Securities Act) on Schedule I hereto ("Stock Payment Election"), plus up to Two Million Dollars ($2,000,000) of the Contingent Payment, if any, for payment in cash to the Persons not so identified as accredited investors, or (C) in some combination of the foregoing (provided that up to Two Million Dollars ($2,000,000) of the Contingent Payment, if any, shall be available for payment in cash to the Persons not so identified as accredited investors); and (ii) setting forth a date (the "Contingent Payment Closing Date") on or before the later of March 31, 2007 or forty-five (45) days after the Final Earn-Out Determination Date on which the payment of the Contingent Payment shall be made by the Buyer. The following provisions shall be applicable to the making of a Stock Payment Election and a Cash Payment Election by the Buyer:

(i) If a Stock Payment Election is made by the Buyer, the number of shares of Buyer Common Stock to be delivered pursuant to this Section 2.2 shall be calculated on the basis of the average closing price of a share of Buyer Common Stock on the New York Stock Exchange (or such other securities exchange that shall be at such time the principal market for Buyer Common Stock) for the ten (10) consecutive trading days ending on the date that is two (2) business days prior to the Contingent Payment Closing Date (such ten-day period, the "Determination Period").

(ii) The Stock Payment Election may be exercised, and Buyer Common Stock may be issued instead of cash, (A) only if a registration statement covering the issuance of the shares of Buyer Common Stock issued on the Contingent Payment Closing Date shall be declared effective by the Securities and Exchange Commission ("SEC") on or before the Contingent Payment Closing Date; and (B) the shares of Buyer Common Stock (or stock of any successor or assignee of the Buyer under this Agreement) are listed and publicly traded on a national stock exchange or securities market. In the event of a Stock Payment Election, the Buyer shall use its commercially reasonable efforts to cause such registration statement to be filed and declared effective as soon as reasonably practicable after such Stock Payment Election is made.

(iii) (A) Notwithstanding anything herein to the contrary, should the Buyer then be prohibited from paying the Contingent Payment in full in cash pursuant to the Senior Credit Facility, the Buyer shall be permitted to make payment of the Contingent Payment partially in Buyer Common Stock (as provided in Section 2.2(f)(i)(B)) without having to satisfy the condition set forth in clause (A) of the first sentence of Section 2.2(f)(ii) if the Buyer is unable to satisfy such condition after using its reasonable efforts to do so; provided, however, that in such an event, the Buyer shall continue to employ commercially reasonable efforts to register for resale as soon as reasonably possible the Buyer Common Stock issued as the Contingent Payment hereunder. Upon the eventual effective date of any such registration statement, if the value of the Buyer Common Stock so issued as the Contingent Payment, as measured at the close of the trading day immediately preceding the effective date of such registration (the "Delayed Registration Valuation"), is less than the Contingent Payment, then the Buyer shall issue (in accordance with the written instructions of the Seller Representative set forth in the notice to the Buyer given pursuant to Section 2.2(d)) and include in the registration

an amount of shares having a value equal to the difference between the Contingent Payment and the Delayed Registration Valuation.

(B) If the Buyer makes a Cash Payment Election or is otherwise required to pay the Contingent Payment in cash and is unable to pay the Contingent Payment in cash because of its failure to satisfy the condition in the preceding sentence relating to the Senior Credit Facility, then the parties hereto agree that the Buyer shall, to the extent not prohibited under the Senior Credit Facility, pay in accordance with the written instructions of the Seller Representative set forth in the notice to the Buyer given pursuant to Section 2.2(d) or (e), as applicable, the Contingent Payment in cash, and shall further pay as set forth in such instructions, the then remaining balance of any amounts due pursuant to Section 2.2(d) in Buyer Common Stock.

(g) For purposes of this Section 2.2, the following terms shall have the following respective meanings:

(i) "Acquired Business" shall mean any business that is acquired by the Buyer or any of its Affiliates (including the Company) and that, by written agreement among the Buyer and the Seller Representative, is included in the definition of the Bicycle Business for the purpose of calculating Business EBITDA, and for which the Average Annual Business EBITDA targets set forth in Section 2.2(d) may be adjusted upon the mutual written agreement of the Buyer and the Seller Representative.

(ii) "Average Annual Business EBITDA" shall mean (A) the sum of the Business EBITDA for each of the three full fiscal years ending December 31, 2004, 2005 and 2006, divided by (B) 3.0.

(iii) "Bicycle Business" shall mean the Business and any additional product lines developed by the Company or any Subsidiary, and any Acquired Business as of the date the acquisition of such Acquired Business is consummated.

(iv) "Business EBITDA" shall mean, for each full fiscal year in the Earn-Out Period, the Net Income of the Bicycle Business, plus an amount which, in the determination of Net Income for each such fiscal year, has been deducted for (A) interest expense for such fiscal year, (B) total Taxes (including Transfer Taxes) for such fiscal year, (C) depreciation and amortization expense for such fiscal year, (D) Excluded Expenses and (E) any legal, accounting, investment banking and other expenses incurred in connection with the transactions contemplated hereby, in each case determined in accordance with GAAP.

(v) "Excluded Expenses" shall mean the following expenses, as reflected in each Earn-Out Statement: (A) the Buyer's and any of its Affiliates' general corporate overhead and administrative expenses, other than those directly related to the Company or any Subsidiary; (B) nonrecurring business expenses that are not related to the generation of revenues in subsequent fiscal periods; (C) any compensation expenses relating to the issuance, conversion, exercise, cancellation and payments with respect to options or stock; (D) direct and indirect costs (including time and travel expenses) incurred by the Company or any Subsidiary in working with the Buyer's corporate office on matters not directly related to the Bicycle Business; (E) other

expenses allocated to the Company or any Subsidiary in respect of any matters not directly related to the Bicycle Business; and (F) extraordinary items as determined in accordance with GAAP.

(vi) "Net Income" shall mean, for any period, net income as determined in accordance GAAP.

(vii) "Senior Credit Facility" shall mean the Buyer's credit facility under the Credit Agreement, dated as of April 24, 2002, by and among the Buyer, Bank of America, N.A., in its capacity as administrative agent, and the various lenders signatory thereto (as heretofore amended and as from time to time hereafter further amended, modified, supplemented, restated, amended and restated, replaced, renewed, or refinanced from time to time) .

(h) From and after the Closing Date (as defined below) and until the earlier to occur of (i) December 31, 2006 or (ii) the closing of a sale of the Bicycle Business, as described in Section 2.2(e), the Buyer shall use its commercially reasonable efforts to cause the Bicycle Business to be operated and managed in a manner consistent with reasonable business practices. The Buyer further agrees and undertakes to each Seller that the Buyer will use commercially reasonable efforts to (A) promote, support and continue the operations of the Bicycle Business, and will act in good faith with regard to the achievement of the Average Annual Business EBITDA target set forth in Section 2.2(d)(iii); and (B) maintain the separate legal existence of the Company and each Subsidiary, provided that the Buyer shall be permitted to change the legal form of the Company and any Subsidiary so long as any such change does not materially adversely affect the ability of the Company to achieve the Average Annual Business EBITDA target set forth in Section 2.2(d)(iii).

SECTION 3. REPRESENTATIONS AND WARRANTIES REGARDING SELLERS

As a material inducement to the Buyer to enter into and perform its obligations under this Agreement, each Seller, with respect to itself and not any other Seller, hereby represents and warrants to the Buyer (a) except as shall be specifically set forth in the Initial Disclosure Schedule (as defined below), as finally agreed upon pursuant to Section 6.9(b), as of the date hereof, and (b) except as shall be specifically set forth in the Closing Disclosure Schedule (as defined below), as of the Closing Date (except as otherwise provided herein), as follows:

3.1. Organization and Good Standing.

Such Seller, if not an individual, is a Person duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization (as applicable) and has all necessary corporate or organizational power and authority to carry on its business as presently conducted.

3.2. Power and Authorization.

(a) Such Seller, if not an individual, has all requisite corporate or organizational (as applicable) and other power and authority to enter into and perform its obligations under this Agreement and under the other agreements and documents (collectively, the "Seller Closing Documents") required to be delivered by it pursuant hereto at the Closing (as defined below). The execution, delivery and performance by such Seller of this Agreement and the Seller Closing Documents have been duly authorized by all necessary corporate, organizational or other action. This Agreement has been duly and validly executed and delivered by such Seller and constitutes the legal, valid and binding obligation of such Seller, enforceable against it in accordance with its terms and, when executed and delivered as contemplated herein, each of the Seller Closing Documents shall constitute the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, in each case subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

(b) Such Seller, if an individual, is at least eighteen (18) years of age (or such Seller has a guardian or custodian, which guardian or custodian has executed this Agreement on such Seller's behalf, who is at least eighteen (18) years of age), and has (or such guardian or custodian has) all requisite power and authority to enter into and perform such Seller's obligations under this Agreement and under the Seller Closing Documents required to be delivered by such Seller pursuant hereto at the Closing. This Agreement has been duly and validly executed and delivered by such Seller (or such guardian or custodian) and constitutes the legal, valid and binding obligation of such Seller, enforceable against him in accordance with its terms and, when executed and delivered as contemplated herein, each of the Seller Closing Documents shall constitute the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, in each case subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

3.3. No Conflicts.

(a) The execution, delivery and performance of this Agreement and the Seller Closing Documents do not and will not (with or without the passage of time or the giving of notice): (i) violate or conflict with (as applicable) the articles or certificate of incorporation, bylaws, articles or certificate of formation or organization, limited liability company or operating agreement, partnership agreement or other organizational document of such Seller; (ii) violate or conflict with any Law binding upon such Seller or violate or conflict with, result in a breach of, constitute a default or otherwise cause any loss of benefit under any material agreement or other material obligation to which such Seller is a party or by which the Seller or any of its assets are otherwise bound, except, in each case, for such violations, conflicts, breaches, defaults or losses as would not have an adverse effect upon the ability of such Seller to enter into or perform its obligations under this Agreement or any Seller Closing Document; or (iii) result in, require or permit the creation or imposition of any Encumbrance upon or with respect to any of the Purchased Securities held by such Seller. Except for filings under the Hart-Scott-Rodino

Antitrust Improvements Act of 1976 (the "HSR Act"), no consent, authorization, waiver by or filing with any governmental agency, administrative body or other third party is required in connection with the execution, delivery or performance of this Agreement by such Seller or the consummation by the Seller of the transactions contemplated hereby, except for such consents, authorizations, waivers or filings, as to which the failure to obtain would not have an adverse effect upon the ability of such Seller to enter into or perform its obligations under this Agreement or any Seller Closing Document.

(b) There are no Proceedings pending against such Seller or, to the Knowledge of such Seller, pending against the Company or threatened against such Seller or the Company that question any of the transactions contemplated by, or the validity of, this Agreement or any of the other agreements or instruments contemplated hereby or which, if adversely determined, would have an adverse effect upon the ability of the Seller to enter into or perform its obligations under this Agreement or any such other agreements or instruments.

3.4. Ownership of the Purchased Securities.

Such Seller owns all right title and interest, and has good and valid title, in and to all of the Purchased Securities set forth opposite its name on Schedule I attached hereto, beneficially and of record, free and clear of any Encumbrance. There are no shareholder or other agreements affecting the right of such Seller to convey such Purchased Securities (or rights therein) to the Buyer as contemplated hereby or any other right of the Seller with respect to such Purchased Securities, and such Seller has the absolute right, authority, power and capacity to sell, transfer, convey, assign and deliver the Purchased Securities to the Buyer as contemplated hereby, free and clear of any Encumbrance (except for restrictions imposed generally by applicable securities laws). Upon delivery to the Buyer of the certificate or other instruments representing all of the Purchased Securities set forth opposite such Seller's name on Schedule I attached hereto, the Buyer will acquire good and valid title in and to such Purchased Securities, free and clear of any Encumbrance (except for applicable securities laws restrictions).

3.5. Exercise of Options and Conversion of the Convertible Note.

As of the Closing, all Outstanding Options, to extent owned, beneficially or of record, by such Seller will be exercised, converted or otherwise cancelled or extinguished and, from and after the Closing, none of such Outstanding Options will be outstanding.

3.6. Investment Representations.

Such Seller hereby acknowledges and agrees that the Contingent Payment, if any, payable thereto hereunder may be paid, in whole or in part, in the form of Buyer Common Stock (as provided herein) and that, in connection with such potential receipt of Buyer Common Stock (the "Right") in accordance with this Agreement, the Seller hereby further represents and warrants to the Buyer that such Seller: (a) except to the extent that the Buyer Common Stock is registered under the Securities Act, is acquiring the Right (and will acquire the related Buyer Common Stock) to be acquired by it hereunder for its own account and not with a view to, or for sale in connection with, any resale, transfer or distribution thereof, nor with any present intention of distributing, or to make any distribution of, such Right (or Buyer Common Stock), except for

any allocation of the Contingent Payment (as provided in Section 2.2(d) or (e)); (b) has (or have) been afforded an opportunity to ask questions of and receive answers from representatives of the Buyer concerning the terms and conditions of this Agreement and the acquisition of the Right (and the related Buyer Common Stock) as contemplated hereby; and (c) if identified as such on Schedule I hereto, is an "accredited investor", as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

SECTION 4. REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY AND ITS SUBSIDIARIES

As a material inducement to the Buyer to enter into and perform its obligations under this Agreement, each Seller and the Company hereby represent and warrant to the Buyer (a) except as shall be specifically set forth in the Initial Disclosure Schedule, as finally agreed upon pursuant to Section 6.9(b), as of the date hereof, and (b) except as shall be specifically set forth in the Closing Disclosure Schedule, as of the Closing Date (except as otherwise provided herein), as follows:

4.1. Organization and Good Standing.

The Company and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and has all necessary corporate or other power and authority, as applicable, to conduct its business as presently conducted and to own and lease the properties and assets used in connection therewith and to perform all of its obligations under each agreement and instrument by which it is bound. The Company and each Subsidiary is qualified to do business and is in good standing in each jurisdiction where the nature or character of the property owned, leased or operated by it or the nature of the business transacted by it makes such qualification necessary, except where the failure to be so qualified or be in good standing would not reasonably be likely to have a Material Adverse Effect. Section 4.1 of the Disclosure Schedule shall set forth all jurisdictions in which the Company or any Subsidiary is qualified to do business, in each case identifying the entity or entities so qualified to do business in such jurisdictions.

4.2. Power and Authorization.

The Company has all requisite corporate power and authority to enter into and perform its obligations under this Agreement and under the other agreements and documents required to be delivered by it pursuant hereto at the Closing (collectively, the "Company Closing Documents"). The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

4.3. Capitalization.

(a) As of the date hereof, the total outstanding shares of the Company's capital stock consist of 2,191.26 shares of common stock, par value $0.01 per share (the "Company Common Stock"), all of which shares are owned of record by the Sellers and the Put/Call Holders. Immediately after the Closing, the total outstanding shares of the Company's capital stock will consist of no more than 2,401.6899 shares of Company Common Stock, all of which shares (other than those that are Purchased Securities acquired by the Buyer at the Closing) will be owned of record by the Sellers and the Put/Call Holders. Other than the Outstanding Options, there are no outstanding offers, options, warrants, rights, agreements or commitments of any kind (contingent or otherwise), including employee benefit arrangements, relating to the issuance, conversion, registration, voting, sale, repurchase or transfer of any equity interests or other securities of the Company or obligating the Company or any other Person to purchase or redeem any such equity interests or other securities. All of the issued and outstanding shares of capital stock of the Company have been duly authorized, are validly issued and outstanding, are fully paid and nonassessable and have been issued and are held in compliance with all applicable securities and other Laws. No securities issued by the Company from the date of its incorporation to the date hereof were, and as of the Closing Date will have been, issued in violation of any statutory or common law preemptive rights. There are no dividends which have accrued or been declared but are unpaid on any capital stock of the Company. All permits or authorizations required to be obtained from or registrations required to be effected with any Person in connection with any and all issuances of securities of the Company from the date of its incorporation to the date hereof, and as of the Closing Date will, have been obtained or effected.

(b) Section 4.3(b) of the Disclosure Schedule shall set forth for each Subsidiary: (i) its name and jurisdiction of incorporation, formation or organization; (ii) if such Subsidiary is a corporation, (A) the number of shares of authorized capital stock of each class or series of its capital stock, (B) the number of issued and outstanding shares of each class or series of its capital stock, the names of the record holders thereof, and the number of shares held by each such holder and (C) the number of shares of its capital stock held in treasury; and (iii) if such Subsidiary is not a corporation, (Y) the amount of each class or series of its authorized equity interests and (Z) the amount of issued and outstanding interest of each class or series of its equity interests, the names of the record holders thereof, and the amount or percentage interest thereof held by each such holder. There are no outstanding offers, options, warrants, rights, agreements or commitments of any kind (contingent or otherwise), including employee benefit arrangements, relating to the issuance, conversion, registration, voting, sale, repurchase or transfer of any equity interests or other securities of any Subsidiary or obligating any Subsidiary or any other Person to purchase or redeem any such equity interests or other securities. All of the issued and outstanding equity interests of each Subsidiary have been issued and are held in compliance with all applicable securities and other Laws. No securities issued by any Subsidiary from the date of its incorporation or organization (as applicable) to the date hereof were, and as of the Closing Date will have been, issued in violation of any statutory or common law preemptive rights. There are no dividends which have accrued or been declared but are unpaid on the outstanding equity interests of any Subsidiary. All permits or authorizations required to be obtained from or registrations required to be effected with any Person in connection with any and

all issuances of securities of any Subsidiary from the date of its incorporation to the date hereof, and as of the Closing Date will, have been obtained or effected.

4.4. Investments and Subsidiaries.

The Business is conducted solely by and through the Company and the Subsidiaries, and neither the Company nor any Subsidiary directly or indirectly owns, controls or has any investment or other ownership interest in any Person other than the Company's ownership of its interest in the Subsidiaries.

4.5. No Conflicts.

The execution, delivery and performance of this Agreement and the Company Closing Documents do not and will not (with or without the passage of time or the giving of notice): (i) violate or conflict with the articles or certificate of incorporation, bylaws, articles or certificate of formation or organization, limited liability company or operating agreement, partnership agreement or other organizational document of the Company or any Subsidiary; (ii) violate or conflict with any Law binding upon the Company or any Subsidiary, except as would not reasonably be likely to have a Material Adverse Effect or as caused, upon consummation of the transactions contemplated hereby, by the nature of the Buyer's business or the Buyer's directors or officers; (iii) violate or conflict with, result in a breach of, constitute a default or otherwise cause any loss of benefit under any material agreement or other material obligation to which the Company or any Subsidiary is a party (including without limitation the Contracts that shall be set forth in Section 4.14 of the Disclosure Schedule), or by which either of them or any of their assets are otherwise bound, except, in each case, for such violations, conflicts, breaches, defaults or losses as would not reasonably be likely to have a Material Adverse Effect or that are caused, upon consummation of the transactions contemplated hereby, by the nature of the Buyer's business or the Buyer's directors or officers; (iv) result in the creation of an Encumbrance pursuant to, or give rise to any penalty, acceleration of remedies, right of termination or otherwise cause any alteration of any rights or obligations of any party under any material Contract to which either the Company or any Subsidiary is a party or by which either of them or any of their assets are otherwise bound, except any such Encumbrance, penalty or right caused, upon consummation of the transactions contemplated hereby, by the nature of the Buyer's business or the Buyer's directors or officers; or (v) require any consent, notice, authorization, waiver by or filing with any governmental agency, administrative body or other third party, except (A) as would not reasonably be likely to have a Material Adverse Effect, (B) for filings under the HSR Act or (C) for filings that are caused, upon consummation of the transactions contemplated hereby, by the nature of the Buyer's business.

4.6. Financial Matters.

The Company has delivered to the Buyer true and complete copies of the Company's (a) audited consolidated balance sheet and related audited consolidated statements of income, stockholder's equity and comprehensive income, and cash flows at and for the fiscal years ended September 28, 2003 and September 29, 2002, including the notes thereto (the "Audited Financial Statements"), and (b) unaudited consolidated balance sheet at December 31, 2003 (the "Interim Balance Sheet") and the related unaudited consolidated statements of income

and cash flows for the three months ended December 31, 2003 (the "Interim Financial Statements" and, together with the Audited Financial Statements and the Monthly Statements delivered to the Buyer pursuant to Section 6.10, the "Financial Statements"). The Company's audited consolidated balance sheet at September 28, 2003 is referred to herein as the "Balance Sheet". The Financial Statements (i) have been prepared based on the books and records of the Company and each Subsidiary, in accordance with GAAP consistently applied throughout the periods covered thereby, except, in the case of the Interim Financial Statements, for normal year-end adjustments, the omission of footnote disclosures required by GAAP and the omission of a statement of stockholder's equity and comprehensive income, and (ii) fairly present in all material respects the financial position of the Company and the Subsidiaries on a consolidated basis as of the respective dates thereof and the results of operations, changes in stockholders' equity and comprehensive income (in the case of the Audited Financial Statements), and cash flows for the periods covered thereby.

4.7. Absence of Undisclosed Liabilities.

There are no liabilities or obligations of the Company or any Subsidiary, either accrued, absolute or otherwise, other than those that: (a) are disclosed or reserved against on the Balance Sheet, the Interim Balance Sheet or the notes thereto; (b) have arisen in the ordinary course of business since the date of the Interim Balance Sheet; (c) shall have been described in Section 4.7 of the Disclosure Schedule; or (d) are not required by GAAP to be reflected on the Interim Balance Sheet or the Balance Sheet. Except as shown in the Balance Sheet, the Interim Balance Sheet or as shall be shown in Section 4.7 of the Disclosure Schedule, neither the Company nor any Subsidiary is directly or indirectly liable upon or with respect to (by discount, repurchase agreements or otherwise), or obliged in any other way to provide funds in respect of, or to guarantee or assume, any debt, liability, obligation or dividend of any other Person. Except as set forth in (a) above, to the Knowledge of the Company, there are no contingent liabilities or obligations of the Company or any Subsidiary.

4.8. Real Property.

(a) Section 4.8(a) of the Disclosure Schedule sets forth a true, accurate and complete list of the addresses of all real property owned or leased by the Company or any Subsidiary (each, a "Property"; collectively, the "Properties").

(b) The Company and each Subsidiary (as applicable) has insurable title in fee simple to all of the Properties designated in Section 4.8(a) of the Disclosure Schedule as owned by it (the "Owned Properties") and owns all right, title and interest in and to all leasehold estates and other rights purported to be granted to them by the leases and other agreements relating to the Properties as described in Section 4.8(a) of the Disclosure Schedule, in each case free and clear of any Encumbrance except for: (i) liens for current taxes not yet delinquent, assessments and governmental charges and levies which are not in default or which are being contested in good faith by appropriate proceedings and are not material in amount or value in relation to the value of the associated Property and adequate reserves with respect thereto are maintained on the books and records of the Company or such Subsidiary; (ii) any zoning or other governmentally established restrictions or encumbrances; (iii) such utility and municipal easements and restrictions, if any, as do not detract in any material respect from the value of the

Property subject thereto and do not materially interfere with any Property used in the ordinary conduct of the Business as presently conducted; and (iv) Encumbrances that, individually or in the aggregate, do not have a material adverse effect upon the Property or Properties affected thereby (collectively, the "Permitted Encumbrances"). The Sellers or the Company shall provide copies of all existing surveys, title insurance policies and their respective exception documents, to the extent in the possession of the Company or any Subsidiary, to Buyer or its representatives. Neither the Company nor any Subsidiary has received written notice that (i) any building or structure, to the extent of the premises owned or leased by the Company or any Subsidiary, or (ii) any appurtenance thereto or equipment therein, or (iii) the operation or maintenance thereof, violates in any material respect any restrictive covenant or any rule adopted by any national, state or local association or board of insurance underwriters. Neither the Company nor any Subsidiary has received written notice of any pending or threatened condemnation proceeding, special assessment, tax certiorari or similar proceeding with respect to any Property. To the Knowledge of the Company, the applicable covenants, easements or rights-of-way affecting the Properties do not impair in any material respect the Company's or any Subsidiary's ability to use any Property in the operation of the Business as presently conducted. To the Knowledge of the Company, the Company and each Subsidiary (as applicable) have sufficient access to public roads, streets or the like or valid perpetual easements over private streets, roads or other private property for such ingress to and egress from each Property to use each Property in the operation of the Business as presently conducted. For the purposes of this Section 4.8(b), "insurable title" is deemed to be such title as a nationally reputable title company will insure at standard rates.

(c) Neither the Company nor any Subsidiary has received any written notice (i) of any pending or contemplated rezoning proceeding affecting any Property, or (ii) from any utility company or municipality of any fact or condition that would be reasonably likely to result in the discontinuation of presently available sewer, water, electric, gas, telephone or other utilities or services for any Property.

(d) The improvements to, or which constitute a portion of, any Property are in the operating condition and repair necessary for the Business to operate in the ordinary course, as presently conducted.

(e) Neither the Company nor any Subsidiary is party to any lease or license with respect to any Owned Property.

(f) No part of any Owned Property, including, without limitation, any building or improvement thereon, is subject to any purchase option, right of first refusal or first offer or other similar right.

(g) All brokerage commissions and other compensation and fees payable by the Company by reason of the acquisition of any Owned Property have been paid in full.

(h) The Company or a Subsidiary currently has a leasehold interest in those Properties indicated as such in Section 4.8(a) of the Disclosure Schedule (each, a "Leased Property"), and Section 4.8(h) of Disclosure Schedule sets forth a list of all leases, licenses, permits, subleases and occupancy agreements, together with all amendments and supplements thereto, through which the Company or any Subsidiary has rights in and to such Leased Property

(each, as may have been amended or supplemented, a "Lease"). The Sellers shall provide true, correct and complete copies of all Leases to the Buyer or its representatives. No option has been exercised under any Lease, except options whose exercise has been evidenced by a written document, a true, complete and accurate copy of which shall be delivered to the Buyer or its representatives with the corresponding Lease.

(i) Each Lease is in full force and effect. Neither the Company nor any other party to a Lease has given to the other party to such Lease written notice of any breach or default that remains uncured as of the date hereof. The Company is not in default under any Lease and, to the Knowledge of the Company, no other party to a Lease is in default. To the Knowledge of the Company, there are no events which with the passage of time or the giving of notice or both would constitute a default by the Company or by any other party to such Lease.

(j) Neither the Company nor any Subsidiary is party to any sublease, license or other agreement granting to any Person or entity any right to the use, occupancy or enjoyment of any Leased Property or any portion thereof.

(k) There are no guaranties from any of the Sellers, the Company, or any Subsidiary in favor of the lessors with respect to any Leased Property.

(l) To the Knowledge of the Company and any Subsidiary (as applicable), no Leased Property is subject to a fee mortgage, deed of trust, other security interest or similar encumbrance, nor to a ground lease.

4.9. Personal Property.

The Company and each Subsidiary has good, valid and marketable title in and to the personal property owned by it, free and clear of all Encumbrances, except for any Permitted Encumbrances. All leased personal property used in the Business is used pursuant to valid, subsisting and enforceable leases, subleases, licenses and other agreements binding upon the parties thereto in accordance with their terms, except as would not reasonably be likely to have a Material Adverse Effect.

4.10. Taxes.

(a) The Company and each Subsidiary has filed (or joined in the filing of) when due all Tax Returns required by applicable law to be filed with respect to the Company and each Subsidiary and all Taxes shown to be due on such Tax Returns have been paid; (b) all such Tax Returns were true, correct and complete in all material respects as of the time of each such filing; (c) all material Taxes relating to periods ending on or before the Closing Date owed by the Company and each Subsidiary (whether or not shown on any Tax Return) at any time on or prior to the Closing Date, if required to have been paid, have been paid (except for Taxes which are being contested in good faith); (d) any liability of the Company and each Subsidiary for Taxes not yet due and payable, or which are being contested in good faith, has been provided for on the financial statements of the Company in accordance with generally accepted accounting principles; (e) there is no action, suit, proceeding, investigation, audit or claim now pending against, or with respect to, the Company or any Subsidiary in respect of any Tax or assessment, nor is any claim for additional Tax or assessment asserted by any Tax authority; (f) since

January 1, 2000, no claim has been made by any Tax authority in a jurisdiction where the Company or any Subsidiary does not currently file a Tax Return that the Company or any Subsidiary is or may be subject to Tax by such jurisdiction, nor to the Sellers' Knowledge is any such assertion threatened; (g) there is no outstanding request for any extension of time within which to pay any Taxes or file any Tax Returns; (h) there has been no waiver or extension of any applicable statute of limitations for the assessment or collection of any Taxes of the Company or any Subsidiary; (i) the Company and each Subsidiary are not parties to any agreement, whether written or unwritten, providing for the payment of Taxes, payment for Tax losses, entitlements to refunds or similar Tax matters; (j) the Company and each Subsidiary has withheld and paid all material Taxes required to be withheld in connection with any amounts paid or owing to any employee, creditor, independent contractor or other third party; (k) the Company and each Subsidiary has not been a United States real property holding companies within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(i)(A)(ii) of the Code; and (l) neither the Company nor any Subsidiary has any liability for Taxes under Treas. Reg. (section)1.1502-6 (or any similar provision of state, local, or foreign law), as a member of any consolidated, combined or unitary group other than one for which the Company was the common parent.

4.11. Litigation.

There are no Proceedings against either the Company or any Subsidiary or their respective Affiliates, directors (or persons in similar positions), officers, shareholders, partners or members in their capacities as such, pending or, to the Knowledge of the Company and each Seller, threatened. Neither the Company nor any Subsidiary is bound by any judgment, award, determination, order, writ, injunction or decree of any court or federal, state, municipal or governmental department or any commission, board, bureau, agency, instrumentality, administrator or arbitrator.

4.12. Labor Matters.

With respect to labor matters: (a) neither the Company nor any Subsidiary is a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to, or cover, employees of the Company or any Subsidiary; (b) no employees of the Company or any Subsidiary are represented by any labor organization, no labor organization or group of employees has made a pending demand for recognition or certification, and there are no representation or certification proceedings presently pending or, to the Knowledge of the Company, threatened to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority; (c) there are no strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances or other material labor disputes pending or, to the Knowledge of the Company, threatened against or involving the Company or any Subsidiary, and there are no unfair labor practice charges, grievances or complaints pending or threatened in writing by or on behalf of any employee or group of employees; (d) there are no complaints, charges or claims against the Company or any Subsidiary pending or, to the Knowledge of the Company, threatened to be brought or filed with any public or governmental authority, arbitrator or court based on, arising out of, in connection with, or otherwise relating to the employment of, or termination of employment by, the Company or any Subsidiary of any individual; and (e) the Company and each Subsidiary (i) have

complied in all material respects with all applicable federal, state, and local legal requirements relating to its employees, arising from statutes relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, age and disability discrimination and the payment and withholding of Taxes, and (ii) have complied with all applicable federal, state and local legal requirements relating to its employees arising from statutes relating to immigration and I-9 compliance.

4.13. Intellectual Property Rights.

(a) The Company and/or the Subsidiaries own all right, title and interest in and to, or have valid licenses to use, all Intellectual Property. To the Knowledge of the Company and each Seller, (i) none of the Intellectual Property owned by the Company or any Subsidiary has been wrongfully used, disclosed or appropriated to the detriment of the Company or any Subsidiary for the benefit of any other Person; and (ii) no employee, independent contractor or agent of any Seller, the Company, or any Subsidiary has misappropriated any trade secrets or other confidential information of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Seller, the Company, or any Subsidiary.

(b) Neither the Company nor any Seller has any Knowledge of, or has received any notice alleging, that the Company or any Subsidiary has violated or infringed any intellectual property rights of any other Person. To the Knowledge of the Company and each Seller, no third party is challenging the Company's or any Subsidiary's ownership or use of, or the validity or enforceability of, any Intellectual Property owned by the Company or any Subsidiary. To the Knowledge of the Company and each Seller, no third party is infringing upon or violating any of the Intellectual Property owned by the Company or any Subsidiary.

(c) Section 4.13(c) of the Disclosure Schedule shall set forth a true, accurate, complete and current list of all patents, patents pending, trademark/service mark applications and registrations, copyright applications and registrations, domain name registrations that are owned by the Company or any Subsidiary, and agreements pertaining to the Intellectual Property (other than "shrink-wrap" or "click through" agreements). All renewal fees, maintenance fees, and other fees in respect of the material Intellectual Property owned by the Company or any Subsidiary that have fallen due on or prior to the date of this Agreement (and the Closing Date) have been (and as of the Closing Date will have been) paid in full except to the extent that Company or Sellers have intentionally abandoned or otherwise failed to maintain such Intellectual Property. The consummation of the transactions contemplated hereby will not materially alter or impair any of the Company's or any Subsidiary's rights in or to any Intellectual Property.

(d) Neither the Company nor any Subsidiary is under any obligation to pay royalties or other payments in connection with any agreement, nor is it restricted from assigning its rights respecting Intellectual Property, nor will it be, as a result of the execution, delivery, or performance of this Agreement and the transactions contemplated hereby, in breach of any agreement relating to the Intellectual Property. The Company and each Subsidiary is in material compliance with all license or other agreements pertaining to the Intellectual Property.

(e) Other than as part of the Business, neither any Seller nor, to the Knowledge of the Company, any third party has used or currently uses any Trademarks or any other trademark or service mark containing "Bicycle" in connection with goods or services identical or similar to, or otherwise in competition with, those provided in the Business.

(f) Section 4.13(f) of the Disclosure Schedule shall set forth a true, accurate, complete and current list of all Software used in the operation of the Business. No unlicensed copies of any mass market Software that is available in consumer retail stores or otherwise commercially available and subject to "shrink-wrap" or "click-through" license agreements are installed on any of the Company's or any Subsidiary's computers or computer systems.

4.14. Contracts and Commitments.

Section 4.14 of the Disclosure Schedule shall set forth a complete and accurate list of:

(a) For the two (2) year period ended on September 28, 2003, each Contract (other than purchase orders) with, and a complete and correct list of: (i) the top ten (10) customers of the Company (together with any Subsidiary) in the United States, and the aggregate sales to such customers (identifying the approximate percent of total sales derived from each such customer), (ii) the top ten (10) customers of the Company (together with any Subsidiary) outside of the United States, and the aggregate sales to such customers (identifying the approximate percent of total sales derived from each such customer), (iii) the top ten (10) suppliers in the United States, by dollar volume of the Business and the aggregate dollar volume of purchases (broken down by principal categories) by the Business from such suppliers for such period; and (iv) the top ten (10) suppliers outside of the United States, by dollar volume of the Business and the aggregate dollar volume of purchases (broken down by principal categories) by the Business from such suppliers for such period;

(b) Each Contract (other than open sales orders) that involves the performance of services for or the delivery of goods or materials to the Company and/or any Subsidiary during the Company's most recently completed fiscal year of amount or value in excess of $100,000 or pursuant to which the Company or any Subsidiary is obligated to purchase future services, goods or materials in an amount or value that is reasonably expected to exceed $100,000;

(c) Each Contract that was not entered into in the ordinary course of business that involves future expenditures or receipts in excess of $50,000 to which the Company and/or any Subsidiary is a party or is otherwise bound;

(d) Each license or other Contract with respect to the Intellectual Property to which the Company and/or any Subsidiary is a party or is otherwise bound other than with respect to commercially available, off-the-shelf software;

(e) Each Contract relating to the borrowing of money or a line of credit to which the Company and/or any Subsidiary is a party or pursuant to which the Company and/or any Subsidiary has guaranteed any indebtedness or obligation of any other Person;

(f) Each Contract with respect to environmental investigation, removal, remediation or monitoring at any facility or property (including, without limitation, any Property);

(g) Each representative, distribution, marketing or sales agency Contract which is not terminable within sixty (60) days after the date hereof to which the Company and/or any Subsidiary is a party or is otherwise bound;

(h) Each Contract containing covenants limiting the freedom of the Company and/or any Subsidiary to engage in any line of business or to compete with any Person or covenants of another Person not to compete with the Company or any Subsidiary;

(i) Each sole source supply Contract for the purchase of any material, raw material, component or product that is otherwise not generally available and that is used in the manufacture of any product of the Business;

(j) Each guaranty and indemnity by the Company and/or any Subsidiary to any Person in connection with the supply of components or raw materials to the Business;

(k) All agreements with respect to the proposed acquisition of any other entity, business, line of business or material amount of assets to which the Company and/or any Subsidiary is a party or is otherwise bound;

(l) All employment, severance or change of control agreements with employees of the Company or any Subsidiary and all consulting agreements to which the Company or any Subsidiary is a party (other than unwritten employment arrangements terminable at will without payment of any contractual severance or other amount);

(m) Each agreement to which the Company or any Subsidiary is a party or is otherwise bound with respect to the sharing, contingent or otherwise, of profits, revenues, losses, costs or liabilities of any Person or entity;

(n) All standard warranties made with respect to the Business; and

(o) Any other Contract to which the Company and/or any Subsidiary is a party or is otherwise bound that is material to the condition (financial or otherwise), results of operations, assets, properties, liabilities and business (including, without limitation, the Business) of the Company or any Subsidiary.

Neither the Company nor any Subsidiary is in breach or default with respect to any of the above Contracts (except for such breaches or defaults as would not reasonably be likely to have a Material Adverse Effect) and, to the Knowledge of the Company, no other party thereto is in breach or default with respect to any of the above Contracts (except for such breaches or defaults as would not reasonably be likely to have a Material Adverse Effect), and no event has occurred which, with due notice or lapse of time or both, would constitute such a default. Neither the Company nor any Subsidiary has received any written notice since September 28, 2003 of any breach or default with respect to any of the above Contracts. Neither

the Company nor any Subsidiary is a party to, or is otherwise bound by or under, any contract, agreement, binding bid, binding proposal, or binding quotation with any Governmental Entity.

4.15. Existing Condition.

(a) Since the date of the Balance Sheet, there has not occurred: (i) any Material Adverse Effect or any event, change or effect which would reasonably be likely to have a Material Adverse Effect; (ii) any damage to, destruction or loss of any material asset of the Company or any Subsidiary not covered by insurance in excess of $50,000; (iii) any waiver of any material right, forbearance of any material debt or release of any material claim, except in each case in the ordinary course of business; (iv) any adoption of or change in any Plan (as defined below) or, except in the ordinary course of business, labor policy; (v) any entry into, or any amendment, termination or receipt of notice of termination of, any agreement which is required to be disclosed in the Disclosure Schedule, or any material transaction (including, without limitation, any such relating to capital expenditures); (vi) any sale (other than sales of inventory in the ordinary course of business), assignment, conveyance, transfer, lease, or other disposition of any material asset or property of the Company or any Subsidiary or mortgage, pledge, or imposition of any lien or other encumbrance on any material asset or property of the Company or any Subsidiary, except, in each case, as specifically permitted hereunder; (vii) any capital expenditure in excess of $75,000, or additions made to property, plant and equipment used in the operations of the Business other than in the ordinary course of business; (viii) any loss or receipt of notice of any potential loss of any customer of the Company or any Subsidiary described in Section 4.14(a), or of a reduction in aggregate orders from any such customer, except in the ordinary course of business, or as would otherwise not be reasonably likely to represent a material reduction from budgeted sales by the Company or any Subsidiary to such customer; or (ix) any binding agreement to do or otherwise suffer or incur any of the foregoing by the Company or any Subsidiary.

(b) From and after the date of the Balance Sheet until the date hereof there has not occurred: (i) any change by the Company or any Subsidiary in its accounting principles or policies; (ii) any material revaluation by the Company or any Subsidiary of any of its assets, including, without limitation, any write off or write down of notes, accounts receivable or inventory, other than in the ordinary course of business and consistent with past practice; or (iii) any binding agreement to do or otherwise suffer or incur any of the foregoing by the Company or any Subsidiary.

(c) Since January 15, 2004, there has not occurred any increase in compensation payable to any stockholder, director (or person in a similar position), officer or employee, or entry into (or amendment of) any employment, severance or similar agreement with any stockholder, director (or person in a similar position), officer or employee, in any such case who earns compensation in excess of $75,000 per annum.

4.16. Employee Benefit Plans.

(a) Section 4.16 of the Disclosure Schedule shall contain a true, accurate and complete list of (i) all employee benefit plans, policies and arrangements, including, but not limited to, all "employee benefit plans" (as defined in Section 3(3) of ERISA), sponsored,

maintained or contributed to, or required to be contributed to, by the Company or any Subsidiary, and (collectively, the "Plans") and (ii) all "employee benefit pension plans" (as defined in Section 3(2) of ERISA) sponsored, maintained or contributed to, or required to be contributed to, by any entity required to be aggregated with the Company under Section 414(b), (c), (m), or (o) of the Code (each, an "ERISA Affiliate") whether or not for the benefit of employees or former employees of the Company or any Subsidiary (such employee benefit pension plans are collectively the "ERISA Affiliate Plans").

(b) With respect to each Plan, the Company has made available to Purchaser a true and correct copy of, as applicable, (i) the Plans and all amendments thereto, (ii) the most recent annual report of each Plan on Form 5500, (iii) each trust agreement and group annuity contract, if any, relating to such Plan, (iv) the most recent actuarial report or valuation relating to any Plan subject to Title IV of ERISA, (v) the most recent IRS determination or opinion letter with respect to any such Plan which is intended to be "qualified" within the meaning of Section 401(a) of the Code, and (vi) the most recent summary plan descriptions.

(c) With respect to each Plan: (i) if intended to qualify under Section 401(a) of the Code, such plan has received a determination letter from the Internal Revenue Service stating that it so qualifies and that its trust is exempt from taxation under Section 501(a) of the Code, and, to the Knowledge of the Company, nothing has occurred since the date of such determination that could reasonably be expected to result in the loss of such qualification or exempt status; (ii) such plan has been administered and operated in all material respects in accordance with its terms and applicable law (including ERISA and the Code, and all rules and regulations promulgated thereunder); (iii) neither the Company nor any Subsidiary has any material liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Plan; (iv) no disputes are pending, or, to the best knowledge of the Company and each Seller, threatened by any governmental agency or authority or by any participant or beneficiary against any Plan, the assets of any trust under any Plan or the Plan sponsor or the Plan administrator, or against any fiduciary of any of any Plan with respect to the design or operation of such Plan, other than routine claims for benefits thereunder; (v) no non-exempt prohibited transaction (within the meaning of Section 406 of ERISA) has occurred that gives rise to or might reasonably be expected to give rise to material liability on the part of the Company or any of its Subsidiaries; and (vi) all contributions due and payable by or under any Plan (or trust or fund established thereunder or in connection therewith) or any related collective bargaining agreement as of the date hereof (taking into account any extensions of time for the making of such contributions) have been made in full.

(d) No Plan or ERISA Affiliate Plan has incurred an accumulated funding deficiency, as defined in Section 302 of ERISA or Section 412 of the Code, whether or not waived. Except for liabilities for premiums due to the Pension Benefit Guaranty Corporation ("PBGC"), no liability has been or is reasonably expected to be incurred by the Company, any Subsidiary or any ERISA Affiliate (either directly or indirectly) under or pursuant to Title IV of ERISA, and no event, transaction or condition has occurred or exists that has resulted in or would reasonably be expected to result in any such liability to the Company, any Subsidiary, any ERISA Affiliate or any Plan. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Plan or ERISA Affiliate Plan subject to Title IV of

ERISA which would require the giving of notice or any other event requiring disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA.

(e) No Plan or ERISA Affiliate Plan is a "multiemployer plan" as defined in Section 3(37) of ERISA, and none of the Company, any Subsidiary or any ERISA Affiliate has withdrawn at any time within the preceding six years from any multiemployer plan, or incurred any withdrawal liability which remains unsatisfied, and no events have occurred and no circumstances exist that could reasonably be expected to result in any such liability to the Company, any Subsidiary or any ERISA Affiliate.

(f) Except as set forth in the Disclosure Schedule, none of the Plans provide retiree health or life insurance benefits except as may be required by Section 4980B of the Code and Section 601 of ERISA, any other applicable law or at the expense of the participant or the participant's beneficiary. There has been no violation of the "continuation coverage requirement" of "group health plans" as set forth in Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA with respect to any Plan to which such continuation coverage requirements apply that could reasonably be expected to result in any material liability to the Company or any Subsidiary.

(g) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will, either by itself or in conjunction with a subsequent event: (i) result in any payment becoming due to any current employee or former employee of the Company, (ii) increase any benefits otherwise payable under any of the Plans, (iii) result in any payment that will not be deductible under Section 280G of the Code or (iv) result in the acceleration of the time of payment or vesting of any benefits provided under any of the Plans.

4.17. Directors and Officers.

Section 4.17 of the Disclosure Schedule shall set forth the names and positions of all directors (or persons in similar positions) and officers of the Company and each Subsidiary.

4.18. Compliance with Laws.

Except for the matters covered by Sections 4.12, 4.16 and 4.19, as to which matters the provisions of such Sections shall govern, the Company and each Subsidiary is in compliance in all material respects with, and during the two (2) year period ended on the date hereof, has not received any notice of any violation or delinquency with respect to, any Laws applicable to the Business. The Company and each Subsidiary (as applicable) possesses all material licenses, permits, registrations and government approvals (collectively, "Permits") which are required in order for the Company and any Subsidiary (as applicable) to conduct the Business as presently conducted. Section 4.18 of the Disclosure Schedule shall set forth a true, accurate and complete list of all of the Permits of the Company and any Subsidiary, together with a description (including the date of issuance and expiration, if any, and the status) thereof. Each Permit is valid and in full force and effect, and is not subject to any pending or, to the Knowledge of the Company, threatened administrative or judicial proceeding to revoke, cancel or declare such Permit invalid in any respect.

4.19. Environmental.

(a) The Company and each Subsidiary is and has been in material compliance with all applicable Environmental Laws and has no written notice of any unresolved potential liability, violation or delinquency with respect to any Environmental Law, including, without limitation, any agreement with any Person, or any Permit or order from, any governmental, regulatory or administrative authority. Neither the Company, any Subsidiary, nor any of the Properties, is or has been subject to any material claim, judgment, decree, order, arbitration award, lien or deed restriction by any federal, state or local governmental, regulatory or administrative authority relating to Environmental Laws. The Company and each Subsidiary has obtained all Permits required under Environmental Laws for the conduct of the Business and such Permits shall be set forth in Section 4.19 of the Disclosure Schedule.

(b) There is no Environmental Claim pending or, to the Knowledge of the Company and each Seller, threatened against the Company or any Subsidiary or otherwise relating to any of the Properties. There are no past or present actions, activities, circumstances, conditions, events or incidents, including, without limitation, the release, emission, discharge, presence or disposal of any Hazardous Materials, that would reasonably be expected to form the basis of any Environmental Claim relating to the Business or any of the Properties or against the Company or any Subsidiary.

(c) Neither the Company nor any Subsidiary owns or operates, nor has the Company or any Subsidiary ever owned or operated, (i) an "underground storage tank" containing a "regulated substance," as such terms are defined in Subchapter IX of the Resource Conservation and Recovery Act, 42 U.S.C. (section)6991 et seq. or (ii) an impoundment or landfill or a gas or oil well.

(d) To the Knowledge of the Company and each Seller, none of the Company and the Subsidiaries is or will be required to incur material cost or expense within the next five (5) years in order to cause its operations or properties to achieve or maintain compliance applicable Environmental Laws.

(e) There has been no release or threatened release of any Hazardous Material at any location which could reasonably be expected to give rise to any actual or alleged liability on the part of the Company or any Subsidiary for personal injury, property damage, natural resource damage or environmental response action.

(f) To the Knowledge of the Company and each Seller, none of the Properties contain or formerly contained any polychlorinated biphenyls, asbestos, asbestos-containing material or urea formaldehyde insulation.

(g) None of the Company, the Subsidiaries and, to the Knowledge of the Company and each Seller, their respective predecessors has manufactured, used, processed, distributed, fabricated, incorporated into any other material, or sold any asbestos-containing material at any time and there is no pending or, to the Knowledge of the Company and each Seller, threatened claim against any of them arising out of, any asbestos-containing material or the exposure to or release thereof.

(h) Neither the Company nor any Subsidiary has any obligation under any agreement with any Person or pursuant to an order of a Governmental Entity for conducting any site investigation or cleanup. Neither the Company nor any Subsidiary has, either expressly or by operation of law, assumed or undertaken any liability or corrective, investigatory or remedial obligation of any other Person relating to any Environmental Law.

4.20. Transactions With Affiliates.

Section 4.20 of the Disclosure Schedule shall set forth for each Person who is an Affiliate every agreement, undertaking, understanding or compensation arrangement of any Affiliate with the Company and/or any Subsidiary (other than normal employment arrangements) and any interest of any Affiliate in any property, real, personal or mixed, tangible or intangible, used in or pertaining to the Business. To the Knowledge of the Company and each Seller, none of the Affiliates, executive officers or directors (or persons in similar positions) of the Company or any Subsidiary has been a director (or person in a similar position) or executive officer of, or has had any direct or indirect interest in (excluding the ownership of no more than 2% of the outstanding securities in any publicly traded company), any firm, corporation, association or business enterprise which during such period was a customer of the Company or any Subsidiary.

4.21. Insurance.

Section 4.21(a) of the Disclosure Schedule sets forth a true, correct and complete list of all insurance policies of the Company and any Subsidiary for the ten (10) year period ended on the date hereof, which policies will be made available to the Buyer promptly after the execution and delivery of this Agreement. The Company and each Subsidiary maintains insurance under various insurance policies, as shall be set forth in Section 4.21(b) of the Disclosure Schedule. The Company and each Subsidiary has complied with all terms and conditions of such policies, including premium payments, and such policies are in full force and effect. Neither the Company nor any Subsidiary has received: (i) any notice of cancellation of any policy or binder of insurance required to be identified in Section 4.21(a) or (b) of the Disclosure Schedule or refusal of coverage thereunder; (ii) any notice that any issuer of such policy or binder has filed for protection under applicable bankruptcy or insolvency laws or is otherwise in the process of liquidating or has been liquidated; or (iii) any other indication that any such policy or binder may no longer be in full force or effect or that the issuer of any such policy or binder may be unwilling or unable to perform its obligations thereunder. There is no claim pending by or on behalf of the Company or any Subsidiary against any of the insurance carriers under any of such policies and, to the Knowledge of the Company, there has been no actual or alleged occurrence of any kind which would be reasonably likely to give rise to any such claim. Neither the Company nor any Subsidiary has made any claims under any such policy at any time since September 29, 2001.

4.22. Brokers.

No Person acting on behalf of the Company, any Subsidiary, any Seller or any Affiliate thereof or under the authority of any of the foregoing is or will be entitled to any brokers' or finders' fee or any other commission or similar fee with respect to which the Buyer,

the Company or any of its respective Affiliates will be liable in connection with any of the transactions contemplated by this Agreement.

4.23. Product Liability.

There has not been any recall of any product, substance or material produced, distributed or sold by or on behalf of the Business (each, a "Product"). To the Knowledge of the Company and each Seller, no Product contains a design or manufacturing defect that would reasonably be likely to have a Material Adverse Effect.

4.24. Possession of Assets and Operation of Equipment.

The tangible assets (including real and personal property) that are currently used in the Business are owned or leased by the Company or any Subsidiary and are in the possession or under the control of the Company or such Subsidiary. The material equipment of the Company is operating in the ordinary course of the Business, subject to normal maintenance and repair.

4.25. Absence of Certain Business Practices.

To the Knowledge of the Company and each Seller, neither the Company, any Subsidiary, nor any of its respective directors (or persons in similar positions) or executive officers, acting alone or together, has: (a) received, directly or indirectly, any rebates, payments, commissions, promotional allowances or any other economic benefits, regardless of their nature or type, from any customer, supplier, trading company, shipping company, governmental employee or other Person with whom the Company or any Subsidiary has done business; or (b) directly or indirectly, given or agreed to give any gift or similar benefit to any customer, supplier, trading company, shipping company, governmental employee or other Person with whom the Company or any Subsidiary has done business, except where (i) such actions have not subjected, or would not reasonably be expected to subject the Company, any Subsidiary, or its respective executive officers or directors (or persons in similar positions) to any fine or penalty in any criminal or governmental litigation or proceeding, (ii) if not given in the past, such actions would not reasonably be likely to have a Material Adverse Effect or (iii) if not continued in the future, such actions would not reasonably be likely to have a Material Adverse Effect.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BUYER

As a material inducement to each Seller and the Company to enter into and perform its respective obligations under this Agreement, the Buyer hereby represents and warrants to each Seller and the Company as of the date of this Agreement and, except as otherwise provided herein, the Closing Date as follows:

5.1. Incorporation and Good Standing.

The Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to conduct its business as presently conducted and to own and lease the properties and assets used in connection therewith.

5.2. Power and Authorization.

The Buyer has all requisite corporate power and authority to enter into and perform its obligations under this Agreement and under any other agreement, instrument or other document necessary to consummate the transactions contemplated herein (the "Buyer Closing Documents"). The execution, delivery and performance by the Buyer of this Agreement and the Buyer Closing Documents have been duly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms and, when executed and delivered as contemplated herein, each of the Buyer Closing Documents shall constitute the legal, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with its terms, in each case, subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

5.3. Validity of Contemplated Transactions.

Neither the execution and delivery of this Agreement nor any other agreement, instrument or other document necessary to consummate the transactions contemplated herein by Buyer nor the consummation by the Buyer of the transactions provided for herein or therein will conflict with, violate, or result in a breach of or default under any material contract or agreement to which the Buyer is a party or by which it is bound or any law, permit, license, order, judgment or decree applicable to the Buyer or any provision of the charter or bylaws of the Buyer, except in each case, for such violations, conflicts, breaches, defaults or losses as would not adversely affect the Buyer's ability to consummate the transactions contemplated hereby in any material respect.

5.4. Consents.

Except for filings under the HSR Act and consents from the Buyer's lenders (the "Bank Consents") and certain Governmental Entities that regulate gaming, no consent, authorization, waiver by or filing with any governmental agency, administrative body or other third party is required in connection with the execution or performance of this Agreement by the Buyer or the consummation by the Buyer of the transactions contemplated hereby, except for such consents, authorizations, waivers or filings, as to which the failure to obtain would not adversely affect the Buyer's ability to consummate the transactions contemplated hereby in any material respect.

5.5. Relocation of Operations.

The Buyer does not intend to relocate any significant portion of the operations of the Business currently located in Cincinnati, Ohio.

5.6. Litigation.

As of the date hereof, there is no pending action or Proceeding that has been commenced or, to the knowledge of the Buyer, threatened against the Buyer that may have the effect of preventing, delaying, or making illegal the transactions contemplated herein.

5.7. Sufficient Funds.

As of the Closing Date, the Buyer will have sufficient funds to effect the Closing as contemplated hereby.

5.8. Brokers.

No Person acting on behalf of the Buyer or any of its Affiliates or under the authority of any of the foregoing is or will be entitled to any brokers' or finders' fee or any other commission or similar fee with respect to which the Company, any Seller or any of their respective Affiliates will be liable in connection with any of the transactions contemplated by this Agreement.

5.9. SEC Filings; Financial Statements.

(a) Except as set forth on Schedule 5.9 attached hereto, the Buyer has timely filed all forms, reports and documents required to be filed with the SEC since December 31, 2002 (collectively, the "SEC Reports"). The SEC Reports (i) were prepared in accordance in all material respects with the requirements of the Securities Act or the Securities Exchange Act of 1934, as amended, as the case may be, as in effect at the time they were filed and (ii) did not at the time they were filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The financial statements contained in the SEC Reports were prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the financial position of the Buyer as at the respective dates thereof and the statements operations and cash flows of the Buyer for the periods indicated, except that the unaudited interim financial statements were or are subject to normal year-end adjustments.

5.10. Investment Representations.

(a) The Buyer is acquiring the Purchased Securities for its own account for purposes of investment and not for the account of any other Person, not for resale to any other Person, and not with a view to or in connection with a sale or distribution of the Securities. Buyer has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment for the disposition of the Securities by Buyer.

(b) Buyer understands that (i) the Purchased Securities have not been registered under the Securities Act, or the securities laws of any state or other jurisdiction, (ii) the

Purchased Securities may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and under any applicable state or other jurisdiction's respective securities laws, or an exemption therefrom, and that without an effective registration statement covering the Purchased Securities or an available exemption from registration under the aforementioned securities laws (including, without limitation, the Securities Act), the Purchased Securities must be held indefinitely and (iii) the Sellers do not have any obligation to register the Purchased Securities.

(c) The Buyer acknowledges that the Buyer has sufficient knowledge and experience in finance and business matters that it is capable of evaluating the risks and merits of its investment in the Purchased Securities and the Buyer is able financially to bear the risks thereof. Buyer acknowledges that the representations and warranties contained in this Agreement, as modified by the Disclosure Schedule, shall be deemed to be the only representations and warranties made with respect to the Sellers, the Company, its Subsidiaries or the Bicycle Business.

SECTION 6. COVENANTS OF THE PARTIES UNTIL CLOSING

6.1. Conduct of Business Pending Closing.

Except as shall be set forth in Section 6.1 of the Initial Disclosure Schedule or as otherwise expressly provided in this Agreement, between the date hereof and the Closing, without the prior written consent of the Buyer, the Company shall, and shall cause each Subsidiary to, operate its respective business only in the ordinary course consistent with past practices and shall, and shall cause each Subsidiary, to use commercially reasonable efforts to preserve intact its business organization and goodwill in all material respects, including, without limitation, the good will and relationships of the Company's and each Subsidiary's customers, suppliers, employees and vendors, and shall, and shall cause each Subsidiary to:

(a) maintain its respective existence, and discharge debts, liabilities and obligations as they become due, and operate in the ordinary course in a manner consistent with past practice and in compliance in all material respects with all applicable Laws, authorizations, and Contracts (including, without limitation, those identified in the Disclosure Schedule);

(b) maintain its respective facilities and assets in the same state of repair, order and condition as they were on the date hereof, reasonable wear and tear excepted;

(c) maintain its respective books and records in accordance with past practice, and use commercially reasonable efforts to maintain in full force and effect all authorizations and all insurance policies and binders;

(d) use commercially reasonable efforts to maintain its respective relations and goodwill with the landlords, suppliers, customers, employees and others having a business relationship with the Company or any Subsidiary; and

(e) file, when due or required, federal, state, foreign and other Tax Returns and other reports required to be filed and pay when due all Taxes, assessments, fees and other

charges lawfully levied or assessed against them, unless the validity thereof is contested in good faith and by appropriate proceedings diligently conducted.

6.2. Negative Covenants.

Except as shall be set forth in Section 6.2 of the Initial Disclosure Schedule, as otherwise expressly provided in this Agreement or as required by applicable Law, between the date hereof and the Closing, without the prior written consent of the Buyer, the Company shall not, and shall cause each Subsidiary not to:

(a) other than issuances of shares of Common Stock upon exercise of the Outstanding Options or conversion of the Convertible Note, make any change in the Company's or such Subsidiary's authorized or issued capital stock or other securities, grant any option, warrant or other right to purchase or otherwise acquire any securities of the Company or any Subsidiary, issue or make any security convertible into capital stock, grant any registration rights, or purchase, redeem, retire or make any other acquisition of any shares of capital stock or other securities, declare or pay any dividend or other distribution upon any shares of capital stock or on any securities other than to the Sellers in an amount not to exceed, in the aggregate (together with any such dividends or distributions made from and after September 28, 2003), Four Million Five Hundred Thousand Dollars ($4,500,000);

(b) amend (as applicable) the articles or certificate of incorporation, bylaws, articles or certificate of formation or organization, limited liability company or operating agreement, partnership agreement or other organizational document of the Company or any Subsidiary;

(c) fail to pay or discharge when due any material liability or obligation of the Company or any Subsidiary, except any such liability or obligation that shall be contested in good faith;

(d) make, enter into, amend in any material respect, renew, extend or terminate any agreement, commitment or transaction, including, without limitation, any Contract that shall be set forth in Section 4.14 of the Disclosure Schedule, other than (i) in the ordinary course of business and consistent with past practice, and (ii) where such agreement, commitment or transaction either (A) contemplates aggregate payments by the Company (together with any Subsidiary) thereunder of less than One Hundred Thousand Dollars ($100,000) or (B) is a casino contract or (C) has a term of less than one year;

(e) enter into any Contract with any Seller or any Affiliate of any Seller;

(f) make any material change in the conduct of the Business;

(g) make any sale, assignment, transfer, abandonment or other conveyance of the assets of the Company or any Subsidiary or any part thereof, except transactions pursuant to existing contracts, as shall be set forth in the Disclosure Schedule, and dispositions of inventory or of worn-out or obsolete equipment and machinery, in each case in the ordinary course of business and consistent with past practice;

(h) subject any of the assets of the Company or any Subsidiary, or any part thereof, to any Encumbrance, other than such Encumbrances as may arise in the ordinary course of business consistent with past practice by operation of law and that will not, individually or in the aggregate, interfere materially with the use, operation, enjoyment or marketability of any of the assets of the Company or any Subsidiary;

(i) acquire any assets, raw materials or properties other than in the ordinary course of business and consistent with past practice;

(j) enter into any new (or amend any existing) Plan or employment, severance or consulting agreement, grant any general increase in the compensation of officers or employees (including any such increase pursuant to any Plan), or grant any increase in the compensation payable or to become payable to any employee whose base compensation is in excess of $75,000 per annum, except in accordance with pre-existing contractual provisions;

(k) without notifying the Buyer in writing at least five (5) business days prior thereto, except in the ordinary course of business and consistent with past practice, make any material revaluation of any of the assets, including, without limitation, writing off or writing down the value of notes, accounts receivable or inventory;

(l) make, change or revoke, or permit to be made, changed or revoked, any material election or method of accounting with respect to Taxes;

(m) enter into, or permit to be entered into, any closing or other agreement or settlement with respect to Taxes affecting or relating to the Company;

(n) settle, release or forgive any claim or litigation or waive any right, in an amount greater than $50,000, in each case in the ordinary course of business and consistent with past practice;

(o) enter into any real property lease, sublease or occupancy agreement or assign or sublet any existing real property lease, sublease or occupancy agreement;

(p) make any distributions or payments to any Seller or any of its Affiliates, including, without limitation, any director (or person in a similar position), officer, employee, agent, consultant or vendor of any Seller or any of its Affiliates, or of the Company or any Subsidiary (to the extent that any such Person is an Affiliate of any Seller), in each case, except in accordance with pre-existing contractual provisions and consistent with past practice;

(q) make any change in the accounting principles or policies of the Company or any Subsidiary;

(r) make (in a single transaction or a series of transactions) any capital expenditures in excess of $75,000, or make additions to property, plant and equipment used in the operations of the Business other than in the ordinary course of business and consistent with past practice; or

(s) agree or commit to do any of the foregoing.

6.3. Access.

The Buyer and its respective officers, directors, attorneys, accountants and representatives, and the Buyer's lenders and their officers, directors, attorneys, accountants and representatives, shall be permitted to examine the property, books and records of the Company and each Subsidiary, and such officers, directors, attorneys, accountants and representatives shall be afforded reasonable access during normal business hours to such property, books and records upon reasonable prior notice and each Seller shall furnish promptly to the Buyer all other information concerning the Business, its properties and its personnel as the Buyer may reasonably request.

6.4. Consents.

(a) Prior to the Closing, the Company and the Buyer shall use commercially reasonable efforts to obtain all consents, permits, approvals of, and exemptions by, any Governmental Entity or third party necessary or desirable for the consummation of the transactions contemplated by this Agreement as shall be set forth in Section 6.4 of the Disclosure Schedule (the "Material Consents"). The Company shall diligently assist and cooperate with the Buyer in preparing and filing all documents required to be submitted by the Buyer to any Governmental Entity in connection with such transactions and in obtaining any governmental consents, waivers, authorizations or approvals which may be required to be obtained by the Buyer in connection with such transactions (which assistance and cooperation shall include, without limitation, the timely furnishing to the Buyer of all information concerning any such Seller, the Company, or any Subsidiary that counsel to the Buyer determines is required to be included in such documents or would be helpful in obtaining any such required consent, waiver, authorization or approval).

(b) In the event that (i) as of the Termination Date (as defined below), the Governmental Entity primarily responsible for regulating gaming in the State of Louisiana shall have not approved the consummation of the transactions contemplated hereby, (ii) the Closing shall have not occurred as of the Termination Date, (iii) not less than five (5) business prior to the Termination Date, the Seller Representative notifies the Buyer in writing that the Sellers wish to extend the term of this Agreement beyond the Termination Date (in which notice the Seller Representative shall certify to the Buyer as to the amount of the aggregate Material Consent Costs incurred by the Sellers as of the date of such notice), and (iv) the Buyer refuses to so extend the term of this Agreement due to its unwillingness to wait until such approval of such Governmental Entity is obtained, the Buyer shall pay to the Company an amount equal to the aggregate Material Consent Costs incurred by the Company as of the Termination Date.

6.5. HSR Act.

Each party hereto hereby undertakes and agrees to file as soon as practicable, and in any event within thirty (30) days after the date hereof, a Notification and Report Form under the HSR Act with the United States Federal Trade Commission (the "FTC") and the United States Department of Justice, Antitrust Division (the "Antitrust Division"), and to make any other applicable competition filing or notifications required by any other governmental authority as promptly as practicable. Each party hereto shall (as applicable): (a) respond in a commercially

reasonable manner and as promptly as practicable to any formal or informal inquiries received from the FTC or the Antitrust Division for additional information or documentary materials, and to all inquiries and requests received from any State Attorney General or other governmental authority in connection with antitrust or competition matters; (b) take all commercially reasonable steps to seek early termination of any applicable waiting period under the HSR Act or any similar laws and to obtain all required approvals; and (c) refrain from entering into any agreement with the FTC or the Antitrust Division or any governmental authority not to consummate or delay consummation of or to give notice of consummation other than as required by law, of the transactions contemplated by this Agreement, except with the prior written consent of the other parties hereto (which shall not be unreasonably withheld or delayed). Each party hereto shall promptly notify each other party hereto of any written or oral communication to that party from the FTC, the Antitrust Division, any State Attorney General or any other governmental authority and shall permit each such other party or its counsel to review in advance any proposed written communication or response to any of the foregoing. Notwithstanding the foregoing or any other covenant herein contained, in connection with the receipt of any necessary approvals under the HSR Act, neither the Buyer, any Seller, the Company, any Subsidiary nor any of its respective Affiliates shall be required to: (a) divest or hold separate or otherwise take or commit to take any action that limits the Buyer's freedom of action with respect to, or its ability to retain, the Company or any Subsidiary or any material portions thereof or any of the businesses, product lines, properties or assets of the Buyer, the Company, or any Subsidiary, without the Buyer's prior written consent; or (b) commence any litigation against any entity in order to facilitate the consummation of any of the transactions contemplated hereby.

6.6. No Solicitation.

(a) Neither any Seller, the Company, any Subsidiary nor any of its or their respective Affiliates shall, and each of the foregoing shall not allow any Person acting on its behalf to, directly or indirectly, continue, initiate or participate in discussions or negotiations with, or provide any nonpublic information to, any Person (other than the Buyer and its representatives in connection with the transactions contemplated by this Agreement) concerning any sale of assets (other than in the ordinary course of its business and consistent with past practice) or any securities of the Company (including, without limitation, the Purchased Securities and the Put/Call Shares) or any Subsidiary or any merger, consolidation, recapitalization, liquidation or similar transaction involving the Company or any Subsidiary (collectively, an "Acquisition Transaction").

(b) Each Seller and the Company shall, and the Company shall cause each Subsidiary to, promptly communicate to the Buyer the terms of any proposal that it may receive after the date of this Agreement in respect of an Acquisition Transaction. Any notification under this Section 6.6 shall include the identity of each Person making such proposal, the terms of such proposal and any other information with respect thereto as the Buyer may request.

(c) The Company and each Seller hereby agree that a monetary remedy for a breach of the agreements set forth in this Section 6.6 will be inadequate and impracticable, and that any such breach would cause the Buyer and its Affiliates irreparable harm. In the event of a breach of this Section 6.6, in addition to any other remedies available to the Buyer, the Buyer shall be entitled to seek equitable remedies in a court of competent jurisdiction, including,

without limitation, the equitable remedy of specific performance with respect to the transactions set forth in this Agreement, and shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, as a court of competent jurisdiction shall determine.

6.7. Interest in Purchased Securities.

From and after the date hereof, without the prior written consent of the Buyer, no Seller shall in any manner sell, assign, convey, transfer, lease, pledge, mortgage or dispose of, or otherwise take any action that may result in the incurrence or suffering of any Encumbrance on or relating to, any Purchased Securities.

6.8. Custody of Purchased Securities.

As soon as practicable, but in no event more than thirty (30) days, after the date that the Buyer accepts the contents of the Initial Disclosure Schedules pursuant to Section 6.9, each Seller shall place in the custody of the Seller Representative for the purpose of effecting the Closing as contemplated hereby all of the Purchased Securities set forth opposite such Seller's name on Schedule I attached hereto, together with all items required pursuant to Section 9.2(a).

6.9. Disclosure Schedule.

(a) On or before March 25, 2004, the Company and the Seller Representative shall deliver an initial Disclosure Schedule (the "Initial Disclosure Schedule") to the Buyer, which Initial Disclosure Schedule shall, subject to the provisions of this Section 6.9, be updated from time to time up to the Closing (the Initial Disclosure Schedule, as so updated as of the Closing, the "Closing Disclosure Schedule"). Each exception set forth in any Disclosure Schedule and each other response to this Agreement set forth in any Disclosure Schedule shall be in reasonable detail and identified by reference to, or shall be grouped under a heading referring to, a specific individual section of this Agreement and, except as otherwise specifically stated with respect to such exception or if the application to another section is clearly apparent from such disclosure, shall relate only to such section. The inclusion of any information in any Disclosure Schedule shall not be deemed an admission or acknowledgement, in and of itself or solely by virtue of the inclusion of such information in such Disclosure Schedule, that such information is required to be set forth therein or that such information is material to the Company, the Sellers or the Business. Capitalized terms used and not otherwise defined in any Disclosure Schedule shall have the respective meanings ascribed to them in this Agreement.

(b) The Buyer shall notify the Company and the Seller Representative of the Buyer's acceptance of the contents of the Initial Disclosure Schedule on or before the later of (i) March 10, 2004 or (ii) five (5) business days after the Buyer's receipt of the Initial Disclosure Schedule (in accordance with Section 6.9(a)). In the event that the Buyer notifies the Company and the Seller Representative of its refusal to accept the Initial Disclosure Schedule, the Buyer, the Company and the Seller Representative shall negotiate in good faith as to the manner in which the Initial Disclosure Schedule or the terms of this Agreement may be revised so as to be acceptable to the Buyer. In the event that such parties agree as to the contents of the Initial Disclosure Schedule, whether or not revised in accordance with this Section 6.9(b), such Initial

Disclosure Schedule, as so agreed, shall be deemed the Initial Disclosure Schedule for all purposes hereunder. In the event that such parties are unable to agree as to the contents of the Initial Disclosure Schedule and the Buyer continues to have good faith objections to the contents of the Disclosure Schedule, either the Buyer or both the Company and the Seller Representative may terminate this Agreement.

(c) From and after the delivery of the Initial Disclosure Schedule (as finally agreed upon pursuant to Section 6.9(b)), until the delivery of the Closing Disclosure Schedule to the Buyer as provided in Section 6.9(d), within five (5) business days after the Company or the Seller Representative obtains Knowledge of any change in facts or circumstances, or of any event, that has occurred since the date of such delivery, required to be set forth in the Disclosure Schedule to make any representation or warranty of the Company or the Sellers contained herein true and correct, the Company and the Seller Representative shall deliver to the Buyer an updated Disclosure Schedule (each, an "Updated Disclosure Schedule") disclosing such changes or events.

(d) Not less than five (5) business days prior to the Closing, the Company and the Seller Representative shall deliver to the Buyer the Closing Disclosure Schedule. Within two (2) business days after the Buyer's receipt of the Closing Disclosure Schedule, the Buyer shall notify the Company and the Seller Representative if the Buyer believes that any matters disclosed in the Closing Disclosure Schedule (and that was not previously disclosed in the Initial Disclosure Schedule) constitute Events Outside of the Ordinary Course. In the event that such notice is so given, the Buyer, the Company and the Seller Representative shall seek in good faith to determine whether such item is an Event Outside of the Ordinary Course, but the failure to complete such determination prior to the Closing shall not delay the Closing.

(e) The Closing Disclosure Schedule shall modify the representations and warranties made by the Sellers and the Company as of the Closing Date for the purposes of (i) satisfying the closing conditions set forth in Section 7.2; and (ii) determining the accuracy and completeness of (A) the representations and warranties made by the Company or the Sellers herein as of the Closing Date and (B) the certificates delivered by the Company and the Sellers pursuant to Sections 7.2 and 9.2(e) certifying that such representations and warranties are correct as of the Closing Date. Notwithstanding the preceding sentence in this Section 6.9(e), without the prior written consent of the Buyer, nothing contained in any Updated Disclosure Schedule or the Closing Disclosure Schedule shall: (i) prohibit the Buyer from exercising or otherwise affect any rights it may otherwise have under Section 7.6 or 7.9; or (ii) cure any breach hereunder existing at the time of the Buyer's acceptance of the Initial Disclosure Schedule (as provided in Section 6.9(b)), it being understood that the Buyer's acceptance of any Updated Disclosure Schedule or the Closing Disclosure Schedule shall not be deemed a waiver of any such breach.

(f) In the event of any inconsistency between statements in the body of this Agreement and statements in any Disclosure Schedule (excluding exceptions expressly set forth in such Disclosure Schedule with respect to representations or warranties herein, which, subject to Section 6.9(e), shall modify such representations or warranties to the extent set forth in Section 6.9(a)), the statements in the body of this Agreement shall control.

6.10. Monthly Financials.

The Company shall, no later than the tenth day following completion of each calendar month commencing with February, 2004, and prior to the Closing Date, deliver to the Buyer its internally generated profit and loss statement, balance sheet and cash flow statement, each prepared in accordance with GAAP (except for normal year-end adjustments and the omission of footnote disclosures required by GAAP) on a monthly basis (the "Monthly Statements"), in each case in a form consistent with past practice.

6.11. Preservation of Earnings.

From and after the Earnings Preservation Date, the Company shall not pay any dividends.

6.12. Estimate of Closing Date Deductions.

Not less than two (2) business days prior to the Closing Date, the Company shall deliver to the Buyer a good faith estimate of the Closing Date Deduction (a "Closing Estimate"), which shall be used for the calculation of the Purchase Price. Following the Closing Date, either the Buyer or the Seller Representative may seek to adjust the Closing Estimate pursuant to the procedures set forth in Exhibit A hereto (the provisions of which Exhibit A shall be as agreed upon in good faith by the Buyer, the Company and the Seller Representative promptly after the date hereof), and any such adjustment and corresponding adjustment, if any, to the Adjusted Equity Value and Purchase Price will be governed by such procedures set forth in such Exhibit A.

6.13. Outstanding Options.

The Company and the Sellers holding Outstanding Options shall use their respective commercially reasonable efforts to cause all Outstanding Options to be exercised, converted or otherwise cancelled or extinguished as of the Closing.

6.14. Indebtedness.

The Company shall use commercially reasonable efforts to obtain payoff letters and other written documents evidencing the complete and irrevocable release, as of the Closing Date and after giving effect to the payments contemplated by the Payment Instructions (as defined below) in accordance with Section 9.4, of the Company and each Subsidiary (other than the Spanish Subsidiary) from any and all obligations and Encumbrances under and in connection with any Indebtedness, including, without limitation, the release of all liens or security interests upon or in any of the respective properties and assets of the Company or any Subsidiary (other than the Spanish Subsidiary) arising under or in connection with such Indebtedness.

6.15. Withholdings.

The Buyer shall have the right to withhold from the Contingent Payment (if any) and, after consultation with professional advisors, will pay out of such Contingent Payment to the relevant Tax authority, any and all Taxes required to be withheld in connection with the

Contingent Payment pursuant to applicable Law. The Buyer shall pay out of the Contingent Payment (if any) to the relevant Tax authority the employer's share of any employment taxes due in connection with the Contingent Payment pursuant to applicable Law.

SECTION 7. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

Unless waived by the Buyer, the obligation of the Buyer to consummate the transactions contemplated hereunder is subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

7.1. Deliveries at Closing.

Each Seller shall have delivered, or caused to be delivered, to the Buyer all items required pursuant to Section 9.2.

7.2. Representations and Warranties.

(a) The representations and warranties of the Company contained in this Agreement shall be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date (except for representations and warranties (i) made as of a specified date, which shall be true and correct in all material respects as of the specified date, and (ii) containing a specific reference to a materiality qualification, which, giving effect to such specific reference, shall be true and correct in all respects), and the Buyer shall have received a certificate, dated the Closing Date to that effect, signed, on behalf of the Company, by the Chief Executive Officer or President of the Company.

(b) The representations and warranties of each Seller contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date (except for representations and warranties (i) made as of a specified date, which shall be true and correct in all material respects as of the specified date, and (ii) containing a specific reference to a materiality qualification, which, giving effect to such specific reference or qualification, shall be true and correct in all respects), and the Buyer shall have received a certificate, dated the Closing Date to that effect, signed, on behalf of the Sellers, by the Seller Representative.

7.3. Performance of Covenants.

(a) The Company shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing, and the Buyer shall have received a certificate dated the Closing Date to that effect signed, on behalf of the Company, by the Chief Executive Officer or President of the Company.

(b) Each Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing, and the Buyer shall have received a certificate dated the Closing Date to that effect signed, on behalf of the Sellers, by the Seller Representative.

7.4. Approvals.

(a) All Material Consents shall have been obtained in form and substance reasonably satisfactory to the Buyer and shall be in full force and effect on the Closing Date;

(b) All waiting periods applicable under the HSR Act shall have expired or been terminated; and

(c) Any other governmental consent, authorization or filing requirement required for the Buyer to consummate the transactions contemplated by this Agreement shall have been obtained or otherwise complied with.

7.5. Legal Matters.

The Closing shall not violate any order or decree of any court or governmental body of competent jurisdiction and no Proceeding shall have been brought by any Person (other than the Buyer or an Affiliate of the Buyer) which questions the validity or legality of this Agreement or the transactions contemplated herein.

7.6. Closing Disclosure Schedule.

The Company and the Seller Representative shall have delivered the Closing Disclosure Schedule to the Buyer in accordance with Section 6.9, which Closing Disclosure Schedule shall have not revealed any event, change or effect since the date of the Initial Disclosure Schedule (as finally agreed upon pursuant to Section 6.9(b)) that has had or would reasonably be likely to have a material adverse effect on the operations, properties, prospects or condition (financial or otherwise) of the Company and any Subsidiary, taken as a whole.

7.7. Derivative Securities.

All Outstanding Options shall have been exercised, converted or otherwise cancelled or extinguished.

7.8. Release of Indebtedness.

The Buyer shall have received evidence reasonably satisfactory to it of the payoff of the Indebtedness in accordance with Section 9.4, and of the complete and irrevocable release, as of the Closing Date and after giving effect to the payments contemplated by the Payment Instructions in accordance with Section 9.4, of the Company and each Subsidiary (other than the Spanish Subsidiary) from any and all obligations or Encumbrances under and in connection with the any Indebtedness including, without limitation, the release of all liens or security interests upon or in any of the respective properties and assets of the Company or any Subsidiary (other than the Spanish Subsidiary) arising under or in connection with such Indebtedness.

7.9. No Material Adverse Effect.

Without regard to any matter disclosed or otherwise set forth in any Disclosure Schedule (other than any matter disclosed or otherwise set forth in the Initial Disclosure

Schedule, as finally agreed upon pursuant to Section 6.9(b)), since the date hereof, there shall not have occurred any event or condition which has had or would reasonably be expected to have a Material Adverse Effect.

7.10. Stockholders Agreement.

The Company's Stockholders Agreement, as amended and in effect as of the date hereof, shall have been terminated and shall have no force or effect.

SECTION 8. CONDITIONS PRECEDENT TO SELLERS' AND THE COMPANY'S OBLIGATIONS

Unless waived by the Seller Representative the obligation of any Seller to consummate the transactions contemplated hereunder is subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

8.1. Deliveries at Closing.

The Buyer shall have delivered, or caused to be delivered, to the Seller Representative all items required pursuant to Section 9.3.

8.2. Representations and Warranties.

The representations and warranties of the Buyer contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date (except for representations and warranties (i) made as of a specified date, which shall be true and correct in all material respects as of the specified date, and (ii) containing a specific reference to a materiality qualification, which, giving effect to such specific reference, shall be true and correct in all respects), and the Seller Representative shall have received a certificate dated the Closing Date to that effect, signed, on behalf of the Buyer, by an authorized officer of the Buyer.

8.3. Performance of Covenants.

The Buyer shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing, and the Seller Representative shall have received a certificate dated the Closing Date to that effect signed, on behalf of the Buyer, by an authorized officer of the Buyer.

8.4. Approvals.

(a) All waiting periods applicable under the HSR Act shall have expired or been terminated; and

(b) Any other material governmental consent, authorization or filing requirement for the Sellers to consummate the transactions contemplated by this Agreement shall have been obtained or otherwise complied with.

8.5. Legal Matters.

The Closing shall not violate any order or decree of any court or governmental body of competent jurisdiction, and no Proceeding questioning the validity or legality of the Put and Call Agreement or Buyer's ability to consummate the transactions set forth therein, shall have been brought, or to the Knowledge of Buyer or the Company, threatened.

SECTION 9. CLOSINGS

9.1. Time and Place of Closing.

The closing of the purchase and sale of the Purchased Securities (the "Closing") pursuant to this Agreement shall take place at the offices of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, within two (2) business days following the satisfaction or waiver of the conditions to the Closing set forth in Section 7 and Section 8, or at such other date, time or place as may be agreed to by the Buyer and the Seller Representative (the date on which the Closing occurs, the "Closing Date"). Subject to Section 10, failure to consummate the Closing shall not result in the termination of this Agreement or relieve any Person of any obligation hereunder.

9.2. Deliveries at the Closing by the Sellers.

At the Closing, in addition to the other actions contemplated elsewhere herein, each Seller and the Company (as applicable) shall deliver or cause to be delivered to the Buyer:

(a) all certificates and other instruments evidencing or otherwise representing the Purchased Securities to be purchased from such Seller at the Closing (as set forth on Schedule I attached hereto), free and clear of all Encumbrances, accompanied by a power duly executed in blank and sufficient to convey to the Buyer good and valid title in and to such Purchased Securities, together with all accrued benefits and rights attaching thereto;

(b) a counterpart of a non-compete agreement, in a form satisfactory to the Buyer, duly executed by each Person who shall be set forth on Exhibit B hereto (the contents of which Exhibit B shall be as agreed upon in good faith by the Buyer, the Company and the Seller Representative promptly after the date hereof);

(c) a counterpart of an employment agreement, in a form satisfactory to the Buyer, duly executed by each Person who shall be set forth on Exhibit C hereto (the contents of which Exhibit C shall be as agreed upon in good faith by the Buyer, the Company and the Seller Representative promptly after the date hereof);

(d) a certificate, dated the Closing Date, executed, on behalf of the Company, by the Secretary or an Assistant Secretary of the Company and, on behalf of the Sellers, by the Seller Representative certifying as of the Closing Date the following: (i) copies, certified by the appropriate governmental authority as of a date not more than thirty (30) days prior to the Closing Date, of the certificate of incorporation of the Company and all amendments thereto; (ii) copies of the bylaws of the Company, as amended; (iii) copies of resolutions of the board of directors the Company authorizing the execution and delivery of this Agreement and

any other agreement, instrument or other document necessary for the Company to consummate the transactions contemplated hereby; (iv) the due authorization of each Seller to execute and deliver this Agreement and any other agreement, instrument or other document necessary for the Sellers to consummate the transactions contemplated hereby; (v) the name, title and incumbency of, and bearing the signatures of, the officers of the Company authorized to execute and deliver this Agreement and any other agreement, instrument or document necessary for the Company to consummate the transactions contemplated hereby; and (vi) the name, title and incumbency of, and bearing the signature of, the Seller Representative;

(e) the certificates required as conditions to the Buyer's obligation to effect the Closing under Sections 7.2 and 7.3;

(f) a legal opinion from Kohnan & Patton LLP, counsel to certain of the Sellers, dated as of the Closing Date, stating that such opinion may be relied upon by the Buyer's lenders and in form and substance reasonably satisfactory to the Buyer;

(g) a certificate, dated the Closing Date, executed, on behalf of the Company, by the Chief Executive Officer and Chief Financial Officer of the Company certifying as of the Closing Date that the Company EBITDA for the twelve (12) month period ending on the last day of the calendar month immediately preceding the Closing Date was not less than Thirty Million Dollars ($30,000,000); and

(h) such other documents and instruments as the Buyer may reasonably request.

9.3. Deliveries at the Closing by the Buyer.

At the Closing, in addition to the other actions contemplated elsewhere herein, the Buyer shall deliver or cause to be delivered to the Seller Representative:

(a) in accordance with Section 2.l(b), the Purchase Price, by wire transfer in immediately available funds or by certified or bank cashiers' check payable to the order of the Seller Representative;

(b) a certificate, dated the Closing Date, executed, on behalf of the Buyer, by the Secretary or an Assistant Secretary of the Buyer certifying as of the Closing Date the following: (i) copies of resolutions of board of directors of the Buyer authorizing the execution and delivery of this Agreement and any other agreement, instrument or other document necessary to consummate transactions contemplated hereby; and (ii) the name, title and incumbency of, and bearing the signatures of, the officers of the Buyer authorized to execute and deliver this Agreement and any other agreement, instrument or document necessary to consummate the transactions contemplated hereby; and

(c) the certificate required as a condition to the Seller's obligation to close under Sections 8.2 and 8.3 (the "Buyer Closing Certificate");

(d) the fully executed, operational Irrevocable Letter of Credit (as defined below) in a form acceptable to the Company; and

(e) a legal opinion from Willkie Farr & Gallagher LLP, counsel to Buyer, stating that such opinion may be relied upon by the Sellers and in form and substance reasonably satisfactory to the Seller Representative.

9.4. Indebtedness Payoff.

Two (2) business days prior to the Closing Date, the Company and the Seller Representative shall provide written payment instructions to the Buyer, together with a payoff letter from each lender in respect of the Indebtedness (together, the "Payment Instructions"), directing the Buyer to (a) pay an amount equal to the Indebtedness (other than the indebtedness of the Spanish Subsidiary) (such amount to be paid, the "Pay-Off Amount") to such account or accounts of any such lenders as Seller shall designate in the Payment Instructions, and (b) pay the balance of the Purchase Price (in accordance with Section 2.1(b)) to such account of the Sellers as the Seller Representative shall designate in the Payment Instructions. In such event, the Closing shall be deemed to have occurred in the following order: (i) the Pay-Off Amount shall be deemed to have first been paid by the Buyer to the Sellers; (ii) the Sellers shall be deemed to have remitted the Pay-Off Amount to the Company, and the Company shall be deemed to have next remitted the Pay-Off Amount to each such lender in order to satisfy the Indebtedness; (iii) the Buyer shall be deemed to have next paid the balance of the Purchase Price (in accordance with Section 2.1(b)) to the Sellers; and (iv) the Sellers shall be deemed to have next delivered the Purchased Securities to the Buyer.

SECTION 10. TERMINATION AND ABANDONMENT

10.1. Termination.

This Agreement may be terminated and the transactions contemplated herein may be abandoned at any time prior to the Closing:

(a) by the Buyer or the Seller Representative if the Closing has not occurred by August 31, 2004 or such other date agreed upon by the Buyer and the Seller Representative (the actual date of such termination, the "Termination Date");

(b) by mutual written consent of the Buyer, the Company and the Seller Representative;

(c) by the Buyer, if there has been a material breach of any representation, warranty, agreement or covenant of any Seller or the Company, which breach shall have not been cured within thirty (30) days after written notice thereof from the Buyer;

(d) by the Company and the Seller Representative, if there has been a material breach of any representation, warranty, agreement or covenant of the Buyer, which breach shall have not been cured within thirty (30) days after written notice thereof from the Seller Representative or the Company;

(e) by either the Buyer or both the Company and the Seller Representative pursuant to Section 6.9(b); or

(f) by the Buyer or the Company if, on or before March 25, 2004 (or such later date agreed upon by the Buyer and the Company), (i) the Sellers and the Put/Call Holders holding Purchased Securities and Put/Call Shares (as applicable) representing, in the aggregate, 100% of the outstanding capital stock of the Company (on a fully diluted basis) shall have not executed and delivered the Power of Attorney, or (ii) the Seller Representative shall have not duly executed and delivered this Agreement or the Put and Call Agreement.

10.2. Procedure for Termination.

Each party hereto terminating this Agreement pursuant to Section 10.1 shall give written notice thereof to each other party hereto, whereupon this Agreement (other than this Section 10.2 and Section 12.3 and Section 14 (excluding Section 11.1)) shall terminate and the transactions contemplated herein shall be abandoned without further action by any party and there shall be no liability on the part of any party; provided, however, that if such termination is by the Buyer or the Company and Sellers pursuant to Section 10.1(c), 10.1(d) or 10.1(e), as the case may be, and results from (a) the deliberate failure of any party to fulfill a condition of performance of the obligations of the other party under this Agreement, (b) the failure of any party to perform a material covenant under this Agreement, or (c) the material breach by any party of any representation or warranty contained in this Agreement, and, at the time of termination the terminating party was not in breach of its obligations under this Agreement such that the non-terminating party would have been entitled to terminate this Agreement, such non-terminating party shall be liable for any damages incurred or suffered by the other party as a result of such failure or breach; and provided, further, that if the Closing does not occur, no party may bring any legal action, suit or Proceeding relating to any claimed breach or violation of this Agreement, excluding a breach of Section 6.6, unless such party has first terminated this Agreement in accordance with this Section 10. No claim for indemnification may be asserted by Buyer after the expiration of the applicable representation, warranty or covenant, but any such claim theretofore asserted may be pursued after such expiration.

SECTION 11. INDEMNIFICATION

11.1. Survival of Representations, Warranties and Covenants and Certain Claims.

The representations and warranties contained in this Agreement shall survive the Closing solely for the purposes of Sections 11.2(a), 11.2(b) and 11.2(c) until March 31, 2006 and shall thereafter terminate (and any claim relating to the subject matter of any such representation or warranty must be made on or before such date or such claim shall be deemed to have been waived), except that (a) the representations and warranties contained in Sections 4.10 shall survive the Closing until all claims relating to the subject matter thereof shall have been barred by the relevant statutes of limitations (by which time any such claim shall have been made or such claim shall be deemed to have been waived), and (b) the representations and warranties contained in Sections 3.2, 3.4, 4.2, 4.3, 4.22, 5.2 and 5.8 shall survive the Closing (and any claim with respect to the subject matter thereof may be made) indefinitely. The covenants contained in this Agreement shall survive the Closing indefinitely or until, by their respective terms, they are no longer operative, except that any monetary claim for a breach of any covenant to be performed prior to the Closing must be made on or before March 31, 2006 or such monetary claim shall be deemed to have been waived. No claim for indemnification hereunder may be

asserted after the expiration of the period during which such claim may be made as provided herein, but any such claim theretofore asserted may be pursued after such expiration. In the event that the Buyer is entitled to indemnification with respect to any such claim, the Buyer shall promptly provide written notice to the Seller Representative of such claim as provided in Section 14.4; provided, however, that except as provided in the immediately preceding sentence or to the extent that the indemnifying party is otherwise prejudiced thereby, failure or delay to give such written notice shall not affect an indemnifying party's liability under this Section 11.

11.2. Indemnity.

(a) Subject to any applicable limitations set forth in this Section 11, each Seller shall severally, but not jointly, indemnify and hold harmless the Buyer and its officers, directors, employees, stockholders, representatives, agents, Affiliates, successors and assigns (collectively, the "Buyer Indemnified Parties") from and against any Loss or Losses (each, an "Individual Loss") sustained or required to be paid by any of such Buyer Indemnified Parties resulting from or in connection with (i) any misrepresentation or breach of any representation or warranty made by such Seller in Section 3 or in such Seller's Closing Documents or (ii) such Seller's breach of the covenants contained in Section 6.6, 6.7 or 6.8.

(b) Subject to any applicable limitations set forth in this Section 11, each Seller shall severally, but not jointly, indemnify and hold harmless the Buyer Indemnified Parties from and against any Loss or Losses (each, a "Several Loss") sustained or required to be paid by any of such Buyer Indemnified Parties resulting from or in connection with: (i) with respect to any period up to and including the Closing Date, any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or in the Company Closing Documents; (ii) any breach of or failure to perform any covenant, agreement or obligation of the Company contained in this Agreement with respect to any period up to and including the Closing Date; (iii) any liability of the Company or any Subsidiary under or in connection with (A) any employee change-in-control payments arising solely as a result of the transactions contemplated hereby (except in the case of an involuntary termination (other than for cause) by the Company of any relevant employee's employment with the Company) after the Closing, (B) the litigation that shall be described in items (a) and (b) of Section 4.11 of the Disclosure Schedule, (C) Events Outside of the Ordinary Course, and (D) the Deposit Expenses, (iv) an amount equal to any positive Closing Deduction Adjustment; and (v) all liabilities for Taxes of the Company or any Subsidiary attributable to a Pre-Closing Tax Period (as defined below), to the extent that such Tax was not taken into account in the determination of the Purchase Price pursuant to Section 2.l(a), by virtue of being reflected in one or more elements of the Closing Date Deduction, as ultimately determined after taking into account the Closing Deduction Adjustment. The liability of the Sellers pursuant to the foregoing clause (v) shall be reduced by the present value of any reduction in Taxes realized in a Post-Closing Tax Period arising from the adjustments that gave rise to the indemnified taxes. For purposes of this Agreement, "Post-Closing Tax Period" shall mean any taxable period commencing after the Closing Date and the portion commencing after the Closing Date of any taxable period that includes (but does not end on) the Closing Date. The present value of any such reduction shall be determined (i) for completed years based on the Tax Returns as filed, taking into account any Tax benefits actually realized from the adjustments, (ii) for other years, by assuming that the Company will utilize any deductions in the first year available and will pay Tax at the highest marginal rates applicable to corporations, taking into

account the deductibility of such Taxes, and (iii) using a discount rate equal to the federal underpayment rate as in effect from time to time.

(c) Subject to any applicable limitations set forth in this Section 11, the Buyer and, from and after the Closing, the Company shall jointly and severally indemnify and hold harmless each Seller and its officers, directors, employees, stockholders, members, representatives, agents, successors and assigns (collectively, the "Seller Indemnified Parties") from and against any Loss or Losses sustained or required to be paid by any of such Seller Indemnified Parties resulting from or in connection with: (i) any misrepresentation or breach of any representation or warranty made by the Buyer in this Agreement, the Buyer Closing Documents or the Buyer Closing Certificate; (ii) any breach of any covenant, agreement or obligation of the Buyer contained in this Agreement; (iii) any breach, only to the that such breach shall have occurred after the Closing, of any covenant, agreement or obligation of the Company contained in this Agreement; (iv) an amount equal to any negative Closing Deduction Adjustment; and (v) any breach of the covenants set forth in Section 6.15.

(d) In the event that any Buyer Indemnified Party or Seller Indemnified Party hereunder is entitled to indemnification with respect to any Loss or potential Loss arising from any Proceeding, judicial or administrative, instituted by any third party (any such third-party Proceeding being referred to as a "Third-Party Claim"), the indemnified party shall give the indemnifying party prompt notice thereof (in the case of any Seller, such notice shall be provided to the Seller Representative), together with copies of all notices and documents (including court papers) in the possession of the indemnified party relating to such Third-Party Claim. Any failure or delay on the part of the indemnified party to give such notice shall not affect whether an indemnifying party is liable hereunder except and to the extent that the indemnifying party is prejudiced thereby (or if the time to assert any claim for indemnity hereunder that is the subject of such notice has expired as provided herein). The indemnifying party shall be entitled to control, contest and defend such Third-Party Claim; provided that the indemnifying party provides evidence reasonably satisfactory to the indemnified party that the indemnifying party has (and will continue to have) adequate financial resources to pay the costs associated with defending such Third-Party Claim. Within fifteen (15) days following the receipt of notice by the indemnifying party of any Third-Party Claim and such additional documentation or information relating to such Third-Party Claim in the possession of the indemnified party that the indemnifying party requests, the indemnifying party shall provide notice to the indemnified party of its election to assume control of the defense of such Third- Party Claim in accordance with the provisions of this Section 11.2. The indemnifying party shall conduct the defense of such claim through counsel reasonably acceptable to the indemnified party. So long as the indemnifying party is conducting the defense of the Third-Party Claim in accordance with this Section 11.2, the indemnified party shall be entitled, at its own cost and expense (which expense shall not constitute a Loss unless counsel for the indemnified party advises in writing that there is a conflict of interest, and only to the extent that such expenses are reasonable) to participate in, but not control, such contest and defense and to be represented by attorneys of its or their own choosing. In the event that the indemnifying party (i) elects not to control, contest and defend such Third-Party Claim, or (ii) fails to notify the indemnified party within the required time period of its election as provided in this Section 11.2, the indemnified party may control, contest and defend such Third-Party Claim at the cost and expense of the indemnifying party, provided that the indemnified party shall defend the Third-Party Claim in good faith; and provided,

further, that the indemnifying party may assume within a reasonable period of time under the circumstances its right to control, contest and defend such Third-Party Claim upon providing written notice thereof to the indemnified party, and thereafter the indemnifying party shall not be liable for the fees and expenses of the indemnified party's counsel (except for such reasonable fees and expenses as are incurred in the transition of such defense to the indemnifying party). If the indemnifying party assumes the defense of any Third-Party Claim, (i) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent (which consent shall not be unreasonably withheld) unless (A) there is no finding or admission of any violation of Law and no effect on any other claims that may be made against the indemnified party and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (ii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. Notwithstanding anything in this Section 11.2(d) to the contrary, with respect to the Third-Party Claim specified in Section 11.2(b)(iii)(B), (1) no Seller shall be permitted to control, contest and defend such claim, (2) the Sellers shall be entitled, at their own cost and expense, to participate in the contest and defense of such claim and to be represented by attorneys of their own choosing, and (3) no compromise or settlement of such claim may be effected by the indemnified party without the consent of the Seller Representative, which consent shall not be unreasonably withheld. Each party hereto shall cooperate and cause their respective Affiliates to cooperate in the defense or prosecution of any Third-Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

(e) Subject to any applicable limitations set forth in this Section 11, with respect to claims under or relating to this Agreement pursuant to which the Sellers shall be obligated to indemnify any Buyer Indemnified Party under this Section 11, each Seller shall be liable only for that portion of such Losses relating to such claims in an amount equal to: (i) with respect to Individual Losses, all such Individual Losses attributable to such Seller; and (ii) with respect to Several Losses, all such Several Losses multiplied by such Seller's Indemnification Percentage.

(f) Subject to any applicable limitations set forth in this Section 11, at the time that any Buyer Indemnified Party is entitled (in accordance with the terms and conditions of this Section 11) to indemnity pursuant to Section 11.2(a) or 11.2(b), it shall recover or collect any amounts to be paid by one or more Sellers under this Section 11 as follows:

(i) With respect to any Individual Loss, the Buyer Indemnified Party shall first seek to recover such Loss directly from the Seller or Sellers responsible for such Individual Loss (each a "Liable Seller"). If any amount of such Loss remains unsatisfied after the Buyer Indemnified Party has used its commercially reasonable efforts to fully recover the entirety of such Loss directly from the Liable Seller or Sellers, the Buyer Indemnified Party may recover some or all of any such Loss still outstanding from the Holdback Amount, subject to the following conditions:

(A) Any such recovery against the Holdback Amount can only occur at the time a release payment of the Holdback Amount is to be made pursuant to Section 12.6.

(B) The Buyer Indemnified Party may withhold from a release payment in respect of any claim for such Loss up to, but not more than, the full amount of any Liable Seller's pro-rata share of that release payment. A Liable Seller's pro-rata share of any release payment shall be equal to the product of (1) the total amount of the release payment to be made to all Sellers, multiplied by (2) such Liable Seller's Indemnification Percentage. The Buyer Indemnified Party may not withhold any amount of the Liable Seller's pro-rata share above what is reasonably necessary or estimated to fully satisfy the unsatisfied portion of the Individual Loss.

(C) At the time any release payment is made to the Seller Representative pursuant to Section 12.6, the Buyer Indemnified Party shall provide the Seller Representative with a written notice identifying any amounts withheld from such release payment to satisfy an Individual Loss. The notice shall identify the Liable Seller or Sellers responsible for the Individual Loss and shall list with respect to each such Liable Seller both the amount of the release payment that (to the Knowledge of the Buyer) such Liable Seller was entitled to and the amount that the Buyer Indemnified Party withheld from such release payment. Upon distributing the release payment to the Sellers, the Seller Representative shall only pay any Liable Seller so identified the difference, if any, between the amount of the release payment such Liable Seller was to receive and the amount that the Buyer Indemnified Party withheld.

(D) To satisfy an Individual Loss, the Buyer Indemnified Party may withhold a Liable Seller's portion of more than one Holdback Amount release payment, but following the final release of the Holdback Amount, the Buyer Indemnified Party may only recover any portion of an Individual Loss that remains unsatisfied directly from a Liable Seller.

(ii) With respect to any claim for any Several Loss resulting from or in connection with any breach of any representation, warranty or covenant contained in any Excluded Provision, the Buyer Indemnified Party will first seek to recover such Loss from the Holdback Amount, and then to the extent the entire Loss has not been satisfied (any such unsatisfied Loss, an "Excess Loss"), the Buyer Indemnified Party may seek to recover from each individual Seller, an amount equal to the product of (A) the Excess Loss, multiplied by (B) such Seller's Indemnification Percentage; and

(iii) With respect to any claim for any Several Loss (other than any such claim with respect to any breach of any representation, warranty or covenant contained in any Excluded Provision), the Buyer Indemnified Party may recover such Loss only from the Holdback Amount.

(g) (i) The Sellers' aggregate liability for all claims under this Section 11 (other than claims with respect to any breach of any representation, warranty or covenant contained in any Excluded Provision) shall not exceed, in the aggregate, the then existing Holdback Amount, which, subject to the provisions of this Section 11.2(g)(i), shall be Buyer's sole source for recovery under such claims. If prior to April 1, 2006 (A) any amount (the "Shortfall Amount") of the Holdback Amount is applied towards the satisfaction of the Closing Deduction Adjustment and the Holdback Amount (after giving effect to such application) has been reduced to zero at such time, each Seller shall continue to have potential several, but not joint, liability for claims under this Section 11 equal to (but not exceeding) the Shortfall Amount,

multiplied by such Seller's Indemnification Percentage, and (B) any amount of the Holdback Amount is applied towards the satisfaction of any Deposit Expense and such Deposit Expense is subsequently collected by the Company prior to such date (such collected Deposit Expenses, the "Recouped Deposit Expenses"), the Holdback Amount shall be increased by an amount equal to the Recouped Deposit Expenses (as reflected in the release payment made on such date pursuant to Section 12.6); and

(ii) The Sellers shall not be liable for any Losses arising under Section 11.2(b) unless the aggregate amount of all such Losses (other than any Losses in respect of the Excluded Provisions, any breach of any representation or warranty contained in Section 4.13 or 4.19, or the litigation and other matters that shall be described in items (a) and (b) of Section 4.11 of the Disclosure Schedule, which shall not be subject to any threshold amount, and shall not be counted for the purpose of reaching any threshold amount for Losses other than the foregoing) exceeds $1,000,000, in which case the Sellers shall be liable, subject to the other applicable terms and limitations of this Section 11, for all such Losses (from the first dollar of such Losses). Notwithstanding anything in this Section 11, (A) the aggregate amount of indemnification claims payable by any Seller for the Excluded Provisions and for indemnification under Section 11.2(a) shall not exceed the Purchase Price received by such Seller hereunder; and (B) for all other claims against any such Seller under this Section 11, the sole remedy will be such Seller's portion of the then existing Holdback Amount (as adjusted by the Shortfall Amount and the Recouped Deposit Expenses).

(h) No claim for indemnity for a breach of a particular representation, warranty or covenant shall be made after the Closing if the Buyer had Knowledge (including by virtue of any Disclosure Schedule) of such breach as of the Closing, except for claims with respect to any Events Outside of the Ordinary Course.

(i) Notwithstanding anything herein to the contrary, any Loss otherwise indemnifiable hereunder shall be reduced by any amount actually received in connection therewith under any such insurance or other contract providing for insurance coverage or indemnification.

(j) If an indemnifying party makes any payment under this Section 11 in respect of any Losses, such indemnifying party shall be subrogated, to the extent of such payment, to the rights of the indemnified party against any third party with respect to such Losses; provided, however, that such indemnifying party shall not have any rights of subrogation with respect to any other party hereto or any of their respective Affiliates or their Affiliates' respective officers, directors (or persons in similar positions), agents or employees.

(k) The Buyer and each Seller hereby agree to take and cause its respective Affiliates (including, in the case of the Buyer after the Closing has occurred, the Company and any Subsidiary) to take commercially reasonable steps to mitigate Losses upon the executive officers of the Buyer, the Company or any Seller, as applicable, becoming aware of any event which would reasonably be expected to, or does, give rise to any rights under this Section 11, including incurring costs only to the extent commercially reasonable to remedy the breach which gives rise to the Loss.

(l) All payments by an indemnifying party under this Section 11 shall be treated as an adjustment to the Purchase Price for all foreign, federal, state and local income tax purposes.

(m) The parties hereto hereby acknowledge and agree that although the representations and warranties set forth in Section 4 are made jointly by the Company and the Sellers, the Company shall not be jointly responsible for such representations and warranties and shall not be required to contribute in any manner to any amounts charged against the Holdback Amount or otherwise required to be paid by one or more of the Sellers pursuant to this Agreement.

11.3. Exclusive Remedy.

The Buyer and each Seller hereby acknowledge and agree that the foregoing indemnification provisions in this Section 11 shall be the sole and exclusive rights and remedy of the Buyer, the Seller and the Company with respect to the transactions contemplated by this Agreement, including, without limitation, with respect to (a) any misrepresentation, breach or default of or under any of the representations, warranties, covenants and agreements contained in this Agreement or (b) any failure duly to perform or observe any term, provision, covenant or agreement contained in this Agreement; provided, however, that nothing set forth herein shall be deemed to limit any party's rights or remedies in the event that the other party has committed fraud in connection therewith; provided, further, that nothing set forth herein shall be deemed to limit the right of the Buyer to seek equitable relief pursuant to Section 12.3(f). Without limiting the generality of the preceding sentence, no legal action sounding in contribution, tort or strict liability may be maintained by any party hereto, or any of their respective officers, directors, employees, stockholders, representatives, agents, successors or assigns, against any other party hereto or any of their respective officers, directors, employees, stockholders, representatives, agents, successors or assigns with respect to any matter that is the subject of this Section 11.

SECTION 12. CERTAIN ADDITIONAL COVENANTS AND AGREEMENTS

12.1. Tax Matters.

(a) Any sales, recording, transfer, stamp, conveyance, value added, use, or other similar Taxes, duties, excise, governmental charges or fees ("Transfer Taxes") imposed as a result of the sale of the Purchased Securities to the Buyer pursuant to this Agreement shall be shared equally among the Sellers, on the one hand, and the Buyer, on the other hand. The Buyer shall promptly remit 50% of any refunds of such items to the Seller Representative. The Seller Representative and the Buyer, to the extent required by Applicable Law, shall prepare and file all Tax Returns on a timely basis with respect to any such Taxes or fees.

(b) The Buyer shall prepare and file, or cause to be prepared and filed, all Tax Returns (each, a "Pre-Closing Tax Return") for a Tax year commencing before the Closing Date and not yet filed on the Closing Date, and shall cause the Company to pay the Taxes shown to be due thereon. The Sellers shall promptly reimburse the Buyer for the portion of such Tax that relates to a Pre-Closing Tax Period, to the extent that such Tax was not taken into account in

the determination of the Purchase Price pursuant to Section 2.1(a), by virtue of being reflected in one or more elements of the Closing Date Deduction, as ultimately determined after taking into account the Closing Deduction Adjustment. The Buyer shall prepare Pre-Closing Tax Returns on a basis that is consistent with past practice, provided there is at least "substantial authority" (as referred to in Section 6662 of the Code) for any positions taken on such past returns. Each Seller and the Seller Representative will furnish to the Buyer all information and records in such Seller's or the Seller Representative's possession that is reasonably requested by the Buyer for use in preparation of any Pre-Closing Tax Returns. The Buyer shall provide a copy of each Pre-Closing Tax Return, completed in draft form, to the Seller Representative at least forty five (45) days before the due date thereof for its review, comment and reasonable approval, not to be unreasonably delayed. The Buyer and each of the Sellers agree to cause the Company to file all Tax Returns for any period that includes the Closing Date on the basis that the relevant taxable period ended as of the close of business on the Closing Date, unless the relevant Tax authority will not accept a Tax Return filed on that basis. For purposes of this Agreement, "Pre-Closing Tax Period" shall mean any taxable period ending on or before the Closing Date and the portion ending on and including the Closing Date of any taxable period that includes (but does not end on) the Closing Date ("Straddle Period"). The Sellers shall be entitled to the benefit of all Tax refunds for Pre-Closing Tax Periods, and Buyer shall promptly pay all such refunds, together with any interest received in respect of such refunds, to the Seller Representative.

(c) The Sellers shall be entitled to the benefit of all Tax refunds for Pre-Closing Tax Periods, net of the present value of all Tax costs of the adjustments that gave rise to such refunds, and Buyer shall promptly pay such net amount, together with any net interest received in respect of such refunds, to the Seller Representative. The present value of the Tax costs of adjustments giving rise to a refund shall be determined (i) for completed years based on the Tax Returns as filed taking into account any Tax costs actually resulting from the adjustments, (ii) for other years, by assuming that the Company will pay Tax at the highest marginal rates applicable to corporations, taking into account the deductibility of such Taxes, and (iii) using a discount rate equal to the federal underpayment rate as in effect from time to time. The Buyer shall provide the Seller Representative with a schedule setting forth in reasonable detail its calculation of the net amount of the refund payable.

(d) In the case of any Straddle Period, (i) real, personal and intangible property Taxes ("Property Taxes") of the Company for the Pre-Closing Tax Period shall be equal to the amount of such Property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of days in the Straddle Period; and (ii) the Taxes of the Company (other than Property Taxes) for the portion of the Straddle Period that constitutes a Pre-Closing Tax Period shall be computed as if such taxable period ended as of the close of business on the Closing Date based on an interim closing of the books, equitably apportioning the benefit of lower tax rates, and treating all amounts of compensation expense resulting from the exercise of options and redemption premium relating to the redemption of the subordinated debt described in Exhibit D hereto (the contents of which Exhibit D shall be as agreed upon in good faith by the Buyer, the Company and the Seller Representative promptly after the date hereof) as deductible in the Pre-Closing Tax Period. To the extent that such deductions result in a net loss for the Pre-Closing Tax Period (without regard to earnings after the Earnings Preservation Date), the Buyer (i) shall pay to the Seller Representative the amount

of any tax benefit realized as a result of such loss in the period between the Closing Date and the end of the taxable year of the Company (determined on the basis of interim closing of the books as of the relevant dates) and (ii) if the Company has a net loss for such year, shall cause the Company to carryback such loss, to the extent that such carryback produces a Tax refund (without regard to the provisions of Section 12.1(c)).

12.2. Employee Benefits Matters.

(a) The Buyer agrees that, following the Closing, employees who continue their employment with the Company or any Subsidiary ("Continuing Employees") will continue to be provided with compensation and benefits under employee benefit plans that are the same or substantially comparable in the aggregate to either (i) those currently provided by the Company or any Subsidiary to such employees as of the Closing Date or (ii) those provided by Buyer to similarly situated employees from time to time. With respect to any employee benefits that are provided to Continuing Employees under Buyer's employee benefits plans, Buyer shall cause service by Continuing Employees to be taken into account for purposes of eligibility to participate, eligibility to commence benefits, vesting and, solely for purposes vacation benefits, benefit accruals (except to the extent such treatment would result in duplicative accrual of benefits for the same period of service) under the Plans or any other benefit plans of Buyer in which such employees participate.

(b) From and after the Closing, with respect to any welfare benefits that are provided to Continuing Employees under the Buyer's employee benefits plans, the Buyer shall cause to be (i) waived any pre-existing condition limitations and (ii) credited any deductibles and out-of-pocket expenses incurred by such employees and their beneficiaries and dependents during the portion of the calendar year prior to participation in the benefit plans provided by the Buyer.

12.3. General Confidentiality; Non-Competition, Non-Solicitation; Non-Disparagement.

(a) Each Seller hereby acknowledges that the Buyer would not enter into this Agreement without the following assurances related to the confidential and proprietary information with respect to the business and operations of the Company and each Subsidiary and, accordingly, each Seller hereby agrees that such Seller shall not, without the prior written consent of the Buyer, disclose, directly or indirectly, to any Person or use, whether or not for such Seller's own benefit, any confidential or proprietary information with respect to the Company, any Subsidiary or the Business, including (i) trade secrets, confidential or proprietary designs, formulae, drawings, diagrams, techniques, research and development, specifications, data, know-how, formats, marketing plans, business plans, budgets, strategies, forecasts and client data; (ii) confidential or proprietary information relating to Products; (iii) the names of customers and contacts, the names of its vendors and suppliers, the cost of its materials and labor, the prices obtained for services sold (including the methods used in price determination, manufacturing and sales costs), lists or other written records used in the Business, compensation paid to employees and consultants and other terms of employment, confidential or proprietary production or operation techniques or any other confidential or proprietary information of, about or pertaining to the Business, and any other confidential or proprietary information and material

relating to any customer, vendor, licensor, licensee, or other party transacting business with the Company or any Subsidiary; (iv) all confidential and proprietary records, files, memoranda, reports, price lists, drawings, plans, sketches and other written and graphic records, documents, equipment, and the like, relating to the Business as it is currently conducted; and (v) any confidential or proprietary information or trade secrets relating to the business or affairs of the Buyer or any of its Affiliates which such Seller may acquire or develop in connection with or as a result of the performance of the terms and conditions of this Agreement, excepting only such information that (A) is required to be disclosed by subpoena, court order or other similar process or otherwise required by Law, provided that such Seller shall have used its best efforts to notify the Buyer in time to afford the Buyer a reasonable opportunity to contest such process or order, or (B) as is already known to the public or which may become known to the public without any fault of any Seller.

(b) Each Seller hereby acknowledges that the agreements and covenants contained in this Section 12.3 are essential to protect the value of the Business being acquired by the Buyer. Each of the Sellers (each, a "Restricted Seller") to be listed on Exhibit E hereto (the contents of which Exhibit E shall be as agreed upon in good faith by the Buyer, the Company and the Seller Representative promptly after the date hereof) hereby agrees that during the period commencing on the Closing Date and ending on the second anniversary of the Closing Date (such period is hereinafter referred to as the "Restricted Period"), such Restricted Seller shall not, anywhere that the Company or any Subsidiary conducts business or otherwise sells products, participate or engage, for itself or through or on behalf of or in conjunction with any Person, whether as an agent, consultant, shareholder, director (or person in a similar position), officer, member, manager, partner, joint venturer, investor or in any other capacity, in any activity that competes with the Company, any Subsidiary or the Business; provided, however, that the foregoing shall not prohibit the ownership by any Seller of equity securities of a public company in an amount not to exceed 2% of the issued and outstanding shares of such company.

(c) During the Restricted Period, each Restricted Seller shall not at any time or for any reason (i) solicit or divert any business or clients or customers away from the Company or any Subsidiary; (ii) induce any customers, clients, suppliers, agents or other Persons under contract or otherwise associated or doing business with the Company or any Subsidiary, to reduce or alter any such association or business with the Company or any Subsidiary; (iii) hire any Person employed by the Company or any Subsidiary or any Person who leaves the employ of the Company or any Subsidiary after the date hereof (other than any such Person whose employment with the Company or any Subsidiary has been terminated by the Company or such Subsidiary); and (iv) solicit any person in the employment of the Company or any Subsidiary to (A) terminate such employment, and/or (B) accept employment, or enter into any consulting arrangement, with any Person other than the Buyer or any of its Affiliates; provided, however, that, for the purposes of this Section 12.3(c), such solicitation, diversion or inducement described in the foregoing (i), (ii) and (iv) shall not include any general advertisement by any Restricted Seller for employment by it or with respect to the sale or provision of such Restricted Seller's goods or services, to the extent that such general advertisement is directed at the general public and not at any (A) director, officer, employee of the Company or any Subsidiary, or (B) customers, clients, suppliers, agents or other Persons under contract or otherwise associated or doing business with the Company or any Subsidiary.

(d) Except as necessary to enforce its rights hereunder, no Seller shall (i) make or cause to be made, directly or indirectly, any disparaging or derogatory statements which later become public concerning the Company, any Subsidiary or its respective businesses, services or reputations, or its past or present officers, directors (or persons in similar positions), employees, attorneys, and agents or (ii) intentionally do or say anything to damage any of the business, supplier, or customer relationships of the Company or any Subsidiary nor in any way, directly or indirectly, assist any Person in inducing or otherwise counseling, advising, encouraging, or soliciting any Person to terminate or in any way diminish its relationship with the Company or any Subsidiary.

(e) Except as necessary to enforce its rights hereunder or otherwise in connection with its commercial activities or in the ordinary course of its business, no Seller shall make or cause to be made, directly or indirectly, any disparaging or derogatory statements which later become public concerning the Buyer or any of its Affiliates or their respective businesses, services or reputations, or its past or present officers, directors (or persons in similar positions), employees, attorneys, and agents.

(f) Each Seller hereby agrees that a monetary remedy for a breach of the agreements set forth in this Section 12.3 will be inadequate and impracticable and further agrees that such a breach would cause the Buyer and its Affiliates irreparable harm, and that the Buyer and its Affiliates shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages. In the event of such a breach, each Seller hereby agrees that the Buyer and its Affiliates shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, as a court of competent jurisdiction shall determine.

(g) If any Restricted Seller breaches the covenant set forth in Section 12.3(b), the running of the Restricted Period described therein shall be tolled for so long as such breach continues. If any provision of this Section 12.3 is held by a court of competent jurisdiction to be invalid in part, it shall be curtailed, as to time, location or scope, to the minimum extent required for its validity under the laws of the United States or any applicable law and shall be binding and enforceable with respect to each Seller as so curtailed. In addition, if any party brings an action to enforce this Section 12.3 or to obtain damages for a breach thereof, the prevailing party in such action shall be entitled to recover from the non-prevailing party all attorney's fees and expenses incurred by the prevailing party in such action.

(h) If any provision of this Section 12.3 is adjudicated to be invalid or unenforceable, the invalid or unenforceable provisions shall be deemed amended (with respect only to the jurisdiction in which such adjudication is made) in such manner as to render them enforceable and to effectuate as nearly as possible the original intentions and agreement of the parties.

(i) Notwithstanding anything to the contrary contained herein, nothing contained in this Section 12.3 shall be deemed to alter the Buyer's rights and obligations under that certain Non-Disclosure and Confidentiality Agreement, dated January 16, 2004 (the "Confidentiality Agreement"), between the Company and the Buyer.

12.4. Seller Representative.

(a) Each Seller (by virtue of its execution and delivery of this Agreement) hereby appoints Dudley S. Taft as agent and attorney-in-fact, with full power of substitution and re-substitution, as the "Seller Representative" for and on behalf of such Seller, to, in accordance with this Agreement and the Power of Attorney: (i) serve as custodian of the Purchased Securities (as contemplated by Section 6.8); (ii) give and receive payments, notices and communications hereunder and under the Seller Closing Documents and any of the other agreements or instruments contemplated hereby; (iii) authorize any and all actions on behalf of the Sellers related to the payment or allocation of the Holdback Amount and the Contingent Payment, (iv) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts with respect to the payment of Contingent Payment, and (v) take all actions necessary or appropriate in the judgment of the Seller Representative for the accomplishment of the foregoing or implementation of any provision of this Agreement or the Power of Attorney for which the Seller Representative is authorized hereby, thereby or otherwise.

(b) A decision, act, consent or instruction of the Seller Representative shall constitute a decision of all the Sellers and shall be final, binding and conclusive upon each of the Sellers, and the Buyer and any other Person may rely upon any such decision, act, consent or instruction of the Seller Representative as being the decision, act, consent or instruction of each Seller. The Buyer and any other Person (except any Seller) are hereby relieved from any liability to any Person for any acts done by them in accordance with any such decision, act, consent or instruction of the Seller Representative.

(c) In the event that the Seller Representative is unable or unwilling to serve as such, the Sellers shall, within five (5) business days following notice of such inability or unwillingness, appoint a successor Seller Representative, which person shall be a resident of the United States of America, in accordance with the Power of Attorney.

(d) The Seller Representative shall not be liable for any act done or omitted hereunder as the Seller Representative unless it is proved by clear and convincing evidence that his action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to Sellers or the Put/Call Holders or undertaken with reckless disregard to the best interests of the Sellers or Put/Call Holders. Except as provided in this Section 12.4(d), the Sellers and the Put/Call Holders (as provided in Section 9(d) of the Put and Call Agreement) shall, severally and pro rata to the number of shares of the capital stock of the Company to be sold or subject to sale by them to the Buyer pursuant to the terms of this Agreement and the Put and Call Agreement, indemnify and hold the Seller Representative harmless from and against any loss, liability or expense incurred on the part of the Seller Representative and arising out of or in connection with the acceptance or administration of the Seller Representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the Seller Representative.

12.5. Purchase of Put/Call Shares.

From and after the purchase by the Buyer of any Put/Call Shares pursuant to the Put and Call Agreement:

(a) such purchased Put/Call Shares shall for all purposes hereunder be deemed Purchased Securities (and shall no longer be deemed Put/Call Shares);

(b) each Put/Call Holder that sold such Put/Call Shares to Buyer shall be deemed a Seller for all purposes under this Agreement, and as such shall, without limitation, (i) be entitled to share in any Contingent Payment (in accordance with the written instructions of the Seller Representative set forth in the notice to the Buyer given pursuant to Section 2.2(d) or (e), as applicable), and (ii) be subject to the Sellers' rights and obligations hereunder (including, without limitation, Section 11 (and all of the terms, conditions, and limitations set forth therein), as though such Put/Call Holder had been a Seller as of the Closing Date;

(c) the Aggregate Call Holdback Amount or Individual Put Holdback Amounts retained by the Buyer in connection with its purchase of such Put/Call Shares shall be added to the Holdback Amount and thereafter treated in all respects hereunder as a portion of the Holdback Amount. Upon any such addition to the Holdback Amount, the Irrevocable Letter of Credit issued in favor of the Seller's pursuant to Section 12.6 shall be adjusted (if reasonably necessary) so that it secures the Buyer's performance of its obligations under the Holdback Amount, as increased by such addition; and

(d) any ratio or calculation determined under this Agreement at any given time (including, without limitation, any Indemnification Percentage or Proportionate Interest or the Purchased Securities Percentage) shall be updated to reflect the conversions provided for in Sections 12.5(a) through (c), and for the purposes of such ratios or calculations, such Put/Call Shares shall be deemed Purchased Securities.

12.6. Holdback Amount.

The Initial Holdback Amount shall be withheld by the Buyer from the Purchase Price (as provided herein) and, subject to the terms of this Agreement, shall be available to satisfy any claims for indemnity made pursuant to Section 11.2(a) and Section 11.2(b). An irrevocable letter of credit from a reputable bank shall be obtained by the Buyer and delivered to the Seller Representative to secure the performance by the Buyer of its obligations hereunder in respect of the Initial Holdback Amount, and such additional amounts added to the Holdback Amount from time to time pursuant to Section 12.5(c) (the "Irrevocable Letter of Credit"). No interest shall be paid to the Sellers in respect of the Holdback Amount prior to April 1, 2006. Any remaining portion of the Holdback Amount that is withheld by the Buyer after April 1, 2006 and is released to the Seller Representative in accordance herewith shall accrue interest from and after such date at the rate of 1.5% per annum. On April 1, 2005, an amount equal to the product of (a) (i) Ten Million Dollars ($10,000,000), less (ii) the sum of (A) any amounts by which the Holdback Amount has been reduced to satisfy indemnity claims as provided herein and (B) an estimate of any amounts necessary to satisfy pending indemnity claims hereunder (as evidenced by a written notice from the Buyer to the Seller Representative), multiplied by (b) the Purchased Securities Percentage shall be paid by the Buyer to the Seller Representative out of the Holdback Amount, without any interest thereon. On April 1, 2006, an amount equal to (a) the Initial Holdback Amount, plus (b) any amounts added to the Holdback Amount from time to time pursuant to Section 11.2(g)(i) or 12.5(c), less (c) the sum of (i) any amounts previously paid out of the Holdback Amount to satisfy indemnity claims as provided herein (including, without

limitation, any amounts withheld from release payments to satisfy Individual Losses under Section 11.2(f)), (ii) any amounts previously released out of the Holdback Amount to the Seller Representative, and (iii) an estimate of any amounts necessary to satisfy pending indemnity claims hereunder (as evidenced by a written notice from the Buyer to the Seller Representative), shall be paid by the Buyer to the Seller Representative out of the then remaining Holdback Amount, without any interest thereon; provided, however, that a portion of such Holdback Amount may continue to be retained by the Buyer beyond such time to satisfy any pending or unresolved claims for indemnity hereunder; provided, further, that promptly after the satisfaction or resolution of all such pending claims, any then remaining portion of the Holdback Amount shall be paid by the Buyer to the Seller Representative, without any interest thereon (except as otherwise specifically provided herein).

SECTION 13. DEFINITIONS

In addition to the terms defined elsewhere in this Agreement, as used in herein, the following terms and phrases shall have the following respective meanings:

"Accrued Earnings" means the net income after taxes (determined by taking into account ordinary course items based on interim closings of the books as of the Earnings Preservation Date and the Closing Date) of the Company and each Subsidiary between the Earnings Preservation Date and the Closing Date.

"Accrued Tax Amount" means an amount equal to all accrued and unpaid liabilities for Taxes in respect of taxable income of the Company or any Subsidiary attributable to a Pre-Closing Tax Period.

"Affiliate" means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls such Person, and (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Aggregate Call Holdback Amount" shall have the meaning set forth in the Put and Call Agreement.

"Business" means the business of the Company and each Subsidiary as currently conducted and contemplated to be conducted, including, but not limited to, the manufacture, distribution and sale of playing cards, puzzles and playing card-related games.

"Cash" means the cash on hand of the Company and any Subsidiary, plus an amount equal to the Deposit, as of the Closing.

"Closing Date Deduction" means the sum of (A) the Indebtedness, (B) the Accrued Tax Amount; (C) the Accrued Earnings; (D) the Seller Costs; and (E) the Working Capital Negative Adjustment, if any; less (F) the Working Capital Positive Adjustment, if any.

"Closing Deduction Adjustment" shall have the meaning set forth in Exhibit A hereto (as finally agreed upon as provided herein).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company EBITDA" means, as to the Company, with respect to any period, the Company's net income for such period, plus an amount which, in the determination of such net income for such period, has been deducted for (a) interest expense for such period, (b) total Taxes (including Transfer Taxes) for such period, (c) depreciation and amortization expense for such period, (d) any legal, accounting, investment banking and other expenses incurred in connection with the transactions contemplated hereby, and (e) any compensation expenses relating to the issuance, conversion, exercise, cancellation and payments with respect to the Outstanding Options or stock, in each case determined in accordance with GAAP.

"Contingent Payment" means the consideration, in addition to the Purchase Price, of up to $10,000,000, determined and payable in accordance with the terms set forth in Section 2.2.

"Contract" means any contract, undertaking, agreement, arrangement, commitment, indemnity, indenture, instrument, lease or understanding, including any and all amendments, supplements, and modifications thereto, to or under which the Company or any Subsidiary or any of their respective assets is legally bound.

"Disclosure Schedule" means each of the Initial Disclosure Schedule and the Closing Disclosure Schedule and any Updated Disclosure Schedule with respect to the representations, warranties and covenants contained in this Agreement, in each case, executed by an authorized officer of the Company and the Seller Representative and prepared and delivered to the Buyer in accordance with Section 6.9.

"Deposit" means the deposit in the amount of Two Hundred Fifty Thousand Dollars ($250,000) paid by the Company to MindPlay, LLC.

"Deposit Expenses" means any expenses, including, without limitation, reasonable attorneys' fees, incurred by the Company or any Subsidiary in connection with the Company's or any Subsidiary's recovery of the Deposit, and if any portion of the Deposit is not so recovered, the amount of such portion of the Deposit not so recovered.

"Earnings Preservation Date" shall be the date ninety (90) days following the date on which the Buyer files with the Governmental Entity primarily responsible for regulating gaming in the State of Mississippi all filings required by applicable Law to be made therewith, if, as of the expiration of such 90-day period, either

(a) the Louisiana Approval has been obtained, but the Closing shall have not occurred and the Mississippi Approval has not been obtained, or

(b) the Closing shall have not occurred and (i) the Louisiana Approval shall have not been obtained, but (ii) the Buyer waives the obligation to obtain the Louisiana Approval; provided, however, that if the Louisiana Approval has not been obtained and the

Buyer does not waive the Louisiana Approval requirement, then the Earnings Preservation Date shall be the date ninety (90) days following the date upon which all required filings have been made in both Mississippi and Louisiana if as of the expiration of such 90-day period, the Closing shall not have occurred and either the Mississippi Approval or the Louisiana Approval has not been obtained.

"Encumbrance" means any mortgage, pledge, security interest, encumbrance, lien, limitation, restriction, assessment, encroachment, defect in title or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction and including any lien or charge arising by statute or other laws, which secures the payment of a debt (including, without limitation, any Tax) or the performance of an obligation.

"Environmental Claim" means any Proceeding by any Person alleging personal injury, property damage or other potential liability, including, without limitation, any cleanup liability, arising out of, based on, or resulting from any actual or threatened (a) release or disposal, or the presence in, the environment, including, without limitation, the indoor environment, of any Hazardous Materials by or attributable to the Company or any Subsidiary, or any of their respective predecessors, at any location, (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Laws by or attributable to the Company or any Subsidiary or (c) exposure to any Hazardous Materials attributable to the Company, any Subsidiary or any of their respective predecessors.

"Environmental Laws" means all federal, state, local or foreign laws, statutes, regulations, orders, ordinances, judgments or decrees (a) related to releases or threatened releases of any Hazardous Materials in soil, surface water, groundwater or air, (b) governing the use, treatment, storage, disposal, transport, or handling of Hazardous Materials or (c) related to the protection of the environment, human health or natural resources. Such Environmental Laws shall include, but are not limited to, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Clean Water Act, the Clean Air Act, the Safe Drinking Water Act, and the Emergency Planning and Community Right-to-Know Act, and their respective state, local or foreign analogs.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or a successor law, and the regulations and rules issued pursuant to that act or to any successor law.

"Events Outside of the Ordinary Course" means any change in facts or circumstances, or any event, outside of the ordinary course the business of the Company or any Subsidiary, occurring from and after the delivery of the Initial Disclosure Schedule (as finally agreed upon pursuant to Section 6.9(b)), that is set forth in the Disclosure Schedule.

"Excluded Provisions" means the provisions contained in Sections 3.4, 3.5, 4.3, 4.10 and 4.22 and the Closing Deduction Adjustment.

"GAAP" means generally accepted accounting principles in the United States as in effect on the date hereof, applied on a basis that is consistent with the past practices of the Company in connection with the preparation of the Financial Statements.

"Governmental Entity" means any domestic, international, foreign, national, multinational, territorial, regional, state or local governmental authority, quasi-governmental authority, instrumentality, court, commission or tribunal or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"Hazardous Materials" means any product, substance, gas, chemical, material, waste, mold, fungi or toxic growth whose presence, nature, quantity or concentration, either by itself or in combination with other materials is (a) potentially injurious to human health or safety, the environment or natural resources; (b) regulated, monitored or subject to reporting by any Governmental Authority; or (c) a basis for potential liability to any Governmental Authority or third party under any statute or common law theory.

"Implied Interest" means an amount equal to the interest, at an annual rate of 1.5%, that would accrue from the Earnings Preservation Date through the Closing Date on an amount equal to (a) the Purchase Price (without regard to any Implied Interest), less (b) the Holdback Amount.

"Indebtedness" means, with respect to the Company and any Subsidiary, net of Cash, as of the time immediately prior to the Closing, without duplication: (a) any liability for borrowed money, or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, services or assets (including securities), or relating to a capitalized lease obligation, other than accounts payable or any other indebtedness to trade creditors created or assumed by the Company or any Subsidiary in the ordinary course of business in connection with the obtaining of materials or services; (b) obligations under exchange rate contracts or interest rate protection agreements; (c) any obligations to reimburse the issuer of any letter of credit, surety bond, performance bond or other guarantee of contractual performance, in each case to the extent drawn or otherwise not contingent; and (d) any payments, fines, fees, penalties or other amounts applicable to or otherwise incurred in connection with or as a result of any prepayment or early satisfaction of any obligation described in clauses (a) through (c) above.

"Indemnification Percentage" means, with respect to any Seller, the percentage figure (as adjusted from time to time pursuant to Section 12.5(d) or any exercise of the Outstanding Options) which expresses the ratio, on a fully diluted basis, between (a) the amount of Purchased Securities sold by such Seller hereunder, plus the amount of such Seller's Put/Call Shares that are subject to the Put and Call Agreement, and (b) the aggregate amount of Purchased Securities and Put/Call Shares.

"Intellectual Property" means all of the following owned or used in the Business: (i) United States and foreign trademarks, service marks, and trademark and service mark registrations and applications, trade names, assumed names, logos, designs indicating source and slogans, and all goodwill related to the foregoing (collectively, "Trademarks"); (ii) patent applications, patents, inventions, improvements, know-how, formula methodology, research and

development, business methods, processes, technology and Software in any jurisdiction, including re-issues, continuations, divisions, continuations-in-part, renewals or extensions (collectively, the "Patents"); (iii) trade secrets, including confidential information and the right in any jurisdiction to limit the use or disclosure thereof; (iv) copyrights in writings, designs, Software, mask works or other works, applications or registrations in any jurisdiction for the foregoing, other original works of authorship and all moral rights related thereto; (v) database rights; (vi) Internet web sites, web pages, domain names and applications and registrations pertaining thereto (the "Domain Names") and all intellectual property used in connection with or contained in all versions of the Company's, any Subsidiary's or any of its respective Affiliate's web sites; (vii) all rights under agreements relating to the foregoing; (viii) books and records pertaining to the foregoing; and (ix) claims or causes of action arising out of or related to past, present or future infringement or misappropriation of the foregoing.

"Individual Put Holdback Amount" shall have the meaning set forth in the Put and Call Agreement.

"Knowledge" means (a) with respect to any Seller or the Seller Representative, the actual knowledge of such Seller or the Seller Representative, (b) with respect to the Company or any Subsidiary, the actual knowledge of Gregory Simko, Susan Fox, Jason Lockwood, Jennifer McClure, David Sommerkamp, Doug Wilson, Javier Arteche, Joseph Robinette, Scott Kling, Mark Blaha and Juan Alfaro Allona, and (c) with respect to the Buyer, the actual knowledge of Martin E. Franklin or Ian G. H. Ashken, in the case of each of (a), (b) and (c) without any obligation to perform any inquiry or investigation.

"Law" means any law (including without limitation the Foreign Corrupt Practices Act), statute (including, without limitation, those relating to zoning, gaming, land use, the Americans with Disabilities Act and similar laws and regulations), ordinance, regulation, Permit, license, certificate, judgment, order, award or other decision or requirement of any arbitrator, court, government or governmental agency or instrumentality (domestic or foreign).

"Loss" or "Losses" means all damages, losses, liabilities, obligations, fines, penalties, costs and expenses (including settlement costs, court costs and any reasonable legal, expert and consultant fees and expenses incurred in connection with defending any actions but excluding indirect, punitive, special or exemplary damages and unforeseen or other consequential damages) less the net Tax benefit, if any, realized in cash by the Person suffering such Loss (net of any Tax liability resulting from the indemnification payment hereunder with respect to such Loss).

"Louisiana Approval" means the approval of the transactions contemplated hereby by the Governmental Entity primarily responsible for regulating gaming in the State of Louisiana.

"Material Adverse Effect" means a material adverse effect on the operations, properties or condition (financial or otherwise) of the Company and all Subsidiaries, taken as a whole, except any such effect resulting from or arising in connection with changes in economic, regulatory or political conditions generally, including acts of war or terrorism.

"Mississippi Approval" means the approval of the transactions contemplated hereby by the Governmental Entity primarily responsible for regulating gaming in the State of Mississippi.

"Outstanding Options" means outstanding options to purchase, in the aggregate, 190.9551 shares of Company Common Stock.

"Person" means an individual, a partnership (general or limited), a corporation, a limited liability company, an association, a joint stock company, Governmental Entity, a business or other trust, a joint venture, any other business entity or an unincorporated organization.

"Power of Attorney" means that certain Limited Power of Attorney Agreement, dated as of February 24, 2004, by and among each of the stockholders and option holders of the Company listed on Schedule I(a) thereto, each of the stockholders of the Company listed on Schedule I(b) thereto, and the Seller Representative, as such Seller Representative may be substituted or replaced as provided herein and therein.

"Proceeding" means any action, suit, proceeding, arbitration, claim, complaint, decree, lawsuit or any notice of violation or notice of investigation before or involving any Governmental Entity.

"Proportionate Interest" means, with respect to any Seller, the percentage figure (as adjusted from time to time pursuant to Section 12.5(d) or any exercise of the Outstanding Options) which expresses the ratio, on a fully diluted basis, between (a) the amount of Purchased Securities sold by such Seller hereunder, and (b) the aggregate amount of Purchased Securities and Put/Call Shares.

"Purchased Securities Percentage" means the percentage figure (as adjusted from time to time pursuant to Section 12.5(d) or any exercise of the Outstanding Options) which expresses the ratio, on a fully diluted basis, between (a) the aggregate amount of Purchased Securities, and (b) the aggregate amount of Purchased Securities and Put/Call Shares.

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

"Seller" means any holder of certain securities of the Company who is party to the this Agreement as a Seller by virtue of the Power of Attorney or otherwise.

"Seller Costs" means, to the extent outstanding as of the Closing Date, all costs, expenses and liabilities incurred by the Company or any Subsidiary on or prior to the Closing Date arising in connection with the negotiation, preparation, execution and delivery of this Agreement, the Seller Closing Documents, the Company Closing Documents and any other instruments and agreements entered into or otherwise delivered by the Company or any Seller pursuant to this Agreement, and any amendments to the same.

"Software" means any and all (a) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code form, and all off-the-shelf or "shrink-wrap" software, (b) databases, compilations,

and any other electronic data files, including any and all collections of data, whether machine readable or otherwise, (c) descriptions, flow-charts, technical and functional specifications, and other work product used to design, plan, organize, develop, test, troubleshoot and maintain any of the foregoing, (d) without limitation to the foregoing, the software technology supporting any functionality contained on the Company's, any Subsidiary's or any of its respective Affiliate's Internet web sites, and (e) all documentation, including technical, end-user, training and troubleshooting manuals and materials, relating to any of the foregoing.

"Spanish Subsidiary" means Heracleo Naipes Fournier, a Subsidiary of the Company.

"Subsidiary" means any Person (other than an individual) with respect to which the Company (or any Subsidiary thereof) has the power to vote or direct the voting of sufficient securities or other interests to elect a majority of the directors (or persons in similar positions) thereof.

"Tax" or "Taxes" means all federal, state local or foreign taxes of any kind, including, without limitation, all net income, gross receipts, ad valorem, value added, transfer, gains, franchise, profits, inventory, net worth, capital stock, assets, sales, use, license, estimated, withholding, payroll, premium, capital employment, social security, workers compensation, unemployment, excise, severance, stamp, occupation and property taxes, together with any interest and penalties, fines, additions to tax or additional amounts imposed by any Tax authority.

"Tax Return" means any return, report, declaration, statement, extension, form or other documents or information filed with or submitted to, or required to be filed with or submitted to, any governmental body in connection with the determination, assessment, collection or payment of any Tax.

"Working Capital" has the meaning set forth on Exhibit A (as finally agreed upon as provided herein).

"Working Capital Estimate" means the good faith estimate of the Working Capital of the Company on the Closing Date, as delivered by the Company to the Buyer two Business Days prior to the scheduled Closing Date.

"Working Capital Negative Adjustment" means the difference resulting from subtracting (i) Working Capital Estimate from (ii) the Working Capital Target. If the Working Capital Estimate is greater than the Working Capital Target, the Working Capital Negative Adjustment shall be deemed to be $0.00.

"Working Capital Positive Adjustment" means the difference resulting from subtracting (i) Working Capital Target from (ii) the Working Capital Estimate. If the Working Capital Target is greater than the Working Capital Estimate, the Working Capital Positive Adjustment shall be deemed to be $0.00.

"Working Capital Target" means the amount of Eighteen Million One Hundred Thousand Dollars ($18,100,000).

SECTION 14. MISCELLANEOUS

14.1. Construction.

Within this Agreement and all other documents required to consummate the transactions contemplated herein, including, without limitation, the Seller Closing Documents, the Company Closing Documents and the Buyer Closing Documents, the singular shall include the plural and the plural shall include the singular, and any gender shall include all other genders, all as the meaning and the context of this Agreement shall require. Unless otherwise specified, references to section numbers contained herein shall mean the applicable section of this Agreement and references to exhibits and schedules shall mean the applicable exhibits and schedules to this Agreement. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder and any successor statute or Law thereto, unless the context requires otherwise.

14.2. Further Assurances.

Each party hereto shall use its commercially reasonable efforts to comply with all requirements imposed hereby on such party and to cause the transactions contemplated herein to be consummated as contemplated herein and shall, from time to time and without further consideration, either before or after the Closing, execute such further instruments and take such other actions as any other party hereto shall reasonably request in order to fulfill its obligations under this Agreement and to effectuate the purposes of this Agreement and to provide for the orderly and efficient transition to the Buyer of the ownership of the Purchased Securities. Each party shall promptly notify the other parties of any event or circumstance known to such party that could prevent or delay the consummation of the transactions contemplated herein or which would indicate a breach or non-compliance with any of the terms, conditions, representations, warranties or agreements of any of the parties to this Agreement.

14.3. Costs and Expenses.

Except as otherwise expressly provided herein, each party shall bear its own expenses in connection herewith; provided, however, that Seller Costs shall be borne solely by the Sellers. The Company shall be responsible for the payment of half, and the Buyer shall be responsible for the payment of the other half, of all fees and expenses ("HSR and Material Consent Costs") payable in connection with any filings required by the HSR Act ("HSR Fees") or associated with obtaining the Material Consents ("Material Consent Costs"); provided, however, that the Buyer shall initially satisfy all HSR Fees and the Company shall initially satisfy all Material Consent Costs, and immediately prior to the Closing, either the Buyer or the Seller Representative shall have the right to request that the other party, and at the Closing the other party shall, reimburse it (or cause such reimbursement to be made) for a portion of the HSR Fees or Material Consent Costs, as applicable, so that the HSR and Material Consent Costs are borne equally by the Buyer, on the one hand, and the Company, on the other hand.

14.4. Notices.

All notices or other communications permitted or required under this Agreement shall be in writing and shall be sufficiently given if and when hand delivered or sent by facsimile to the Persons set forth below or if sent by documented overnight delivery service or certified mail, postage prepaid, return receipt requested, addressed as set forth below or to such other Person or Persons and/or at such other address or addresses (or facsimile number) as shall be furnished in writing by any party hereto to the others. Any such notice or communication shall be deemed to have been given as of the date received, in the case of personal delivery, or on the date shown on the receipt or confirmation therefor in all other cases.

To Buyer (or the Company after the Closing):

Jarden Corporation
555 Theodore Fremd Avenue
Rye, NY 10580
Attn: Martin E. Franklin

With copies to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attn: William J. Grant, Esq.
Michael A. Schwartz, Esq.

To any Seller or the Seller Representative:

Dudley S. Taft
312 Walnut St.,
Suite 3550
Cincinnati, OH 45202

With copies to:

Kohnen & Patton LLP
PNC Center, Suite 800
201 East Fifth Street
Cincinnati, OH 45202
Attn: Joseph Beech III, Esq.

and

Gibson, Dunn & Crutcher LLP
1801 California Street
Suite 4100
Denver, CO 80202
Attn: Steven K. Talley, Esq.

To the Company (prior to the Closing):

Bicycle Holding, Inc.
4950 Beech Street
Cincinnati, OH 45212
Attn: Gregory Simko

With copies to:

Gibson, Dunn & Crutcher LLP
1801 California Street
Suite 4100
Denver, CO 80202
Attn: Steven K. Talley, Esq.

and

Kohnen & Patton LLP
PNC Center, Suite 800
201 East Fifth Street
Cincinnati, OH 45202
Attn: Joseph Beech III, Esq.

14.5. Assignment and Benefit.

(a) This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and permitted assigns. Neither this Agreement, nor any of the rights hereunder or thereunder, may be assigned by any party, nor may any party delegate any obligations hereunder or thereunder, without the written consent of the other party hereto or thereto, provided, that (i) the Buyer may assign its rights hereunder to one or more of its Affiliates if the Buyer delivers to the Seller Representative a written instrument pursuant to which the Buyer agrees to remain liable for all of its obligations under this Agreement and (ii) following the Closing Date, any Seller may assign its rights, but not its obligations, hereunder (collectively the "Permitted Assignees"). Any assignment or attempted assignment other than in accordance with this Section 14.5(a) shall be void ab initio.

(b) Except as otherwise provided in Section 11, this Agreement shall not be construed as giving any Person, other than the parties hereto and their permitted successors, heirs and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any of the provisions herein contained, this Agreement and all provisions and conditions hereof being intended to be, and being, for the sole and exclusive benefit of such parties, and permitted successors, heirs and assigns and for the benefit of no other Person or entity.

14.6. Amendment, Modification and Waiver.

The parties hereto may amend or modify, or may waive any right or obligation under, this Agreement in any respect, provided that any such amendment, modification or waiver (other than the Updated Disclosure Schedules or the Closing Disclosure Schedules, in each case, as provided herein) shall be in writing and executed by the Buyer, the Company and the Seller Representative. The waiver of any breach of any provision of this Agreement shall not constitute or operate as a waiver of any other breach of such provision or of any other provision hereof, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof.

14.7. Governing Law; Consent to Jurisdiction.

This Agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of Delaware (and United States federal Law, to the extent applicable), irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law. Any legal action, suit or Proceeding arising out of or relating to this Agreement (other than in connection with the dispute resolved by the Arbitrating Accountant pursuant to Sections 2.2(b)) shall be instituted in any federal court or in any state court in the State of Delaware, and each party waives any objection which such party may now or hereafter have to the laying of the venue of any such action, suit or Proceeding, and irrevocably submits to the jurisdiction of any such court. Any and all service of process and any other notice in any such action, suit or Proceeding shall be effective against any party if given as provided herein. Nothing herein contained shall be deemed to affect the right of any party to serve process in any other manner permitted by Law.

14.8. Section Headings and Defined Terms.

The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement. Except as otherwise indicated, all agreements defined herein refer to the same as from time to time amended or supplemented or the terms thereof waived or modified in accordance herewith and therewith.

14.9. Severability.

The invalidity or unenforceability of any particular provision, or part of any provision, of this Agreement shall not affect the other provisions or parts hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted.

14.10. Effectiveness and Counterparts.

(a) This Agreement shall become effective, and shall be binding upon the Buyer, the Company, the Sellers and the Seller Representative, at such time as it shall have been executed and delivered by the Buyer, the Company and the Seller Representative (for himself, as the Seller Representative, and on behalf of the Sellers (including himself) holding Purchased Securities representing, in the aggregate, at least 75% of the outstanding capital stock of the Company (on a fully diluted basis), as the Seller Representative); provided, however, that if such

execution shall have not occurred on or before March 25, 2004 (or such later date agreed upon by the Buyer and the Company), this Agreement shall have no force or effect.

(b) This Agreement and the other documents required to consummate the transactions contemplated herein may be executed in one or more counterparts, each of which shall be deemed an original (including facsimile signatures), and any Person may become a party hereto by executing a counterpart hereof, but all of such counterparts together shall be deemed to be one and the same instrument. The parties hereto may deliver this Agreement and the other documents required to consummate the transactions contemplated herein by telecopier machine/facsimile and each party shall be permitted to rely upon the signatures so transmitted to the same extent and effect as if they were original signatures.

14.11. Entire Agreement.

This Agreement, together with the Initial Disclosure Schedule (as finally agreed upon in accordance with Section 6.9(b)), the Closing Disclosure Schedule and the exhibits hereto, all of which shall be incorporated herein, the Seller Closing Documents, the Company Closing Documents and the Buyer Closing Documents, and the schedules and certificates referred to herein or delivered pursuant hereto, and the Confidentiality Agreement and the Power or Attorney (as applicable), constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings with respect to such subject matter. The submission of a draft of this Agreement or portions or summaries thereof does not constitute an offer to purchase or sell the Purchased Securities or the Put/Call Shares, it being understood and agreed that neither the Buyer, any Seller nor the Company shall be legally obligated with respect to such a purchase or sale or to any other terms or conditions set forth in such draft or portion or summary unless and until this Agreement has been duly executed and delivered by all parties hereto.

14.12. Retention of Counsel.

In any dispute or proceeding arising under or in connection with this Agreement, including, without limitation, Sections 2.2 and 11, the Sellers shall have the right, at their election, to retain the firm of Gibson Dunn & Crutcher LLP and/or Kohnan & Patton LLP to represent any of them in such matter, and the Buyer, for itself and the Company and for its and the Company's successors and assigns, hereby irrevocably waives and consents to any such representation in any such matter and the communication by such counsel to the Sellers in connection with any such representation of any fact known to such counsel arising by reason of such counsel's prior representation of the Sellers or the Company. The Buyer, for itself and the Company and for its and the Company's successors and assigns, hereby irrevocably acknowledges and agrees that all communications between the Sellers and its counsel, including, without limitation, Gibson Dunn & Crutcher LLP and/or Kohnan & Patton LLP, made in connection with the negotiation, preparation, execution, delivery and closing under, or any dispute or proceeding arising under or in connection with, this Agreement which, immediately prior to the Closing, would be deemed to be privileged communications of the Sellers and its counsel and would not be subject to disclosure to the Buyer in connection with any process relating to a dispute arising under or in connection with, this Agreement or otherwise, shall continue after the Closing to be communications between the Sellers and such counsel and

neither the Buyer nor any Person purporting to act on behalf of or through the Buyer shall seek to obtain the same by any process on the grounds that the privilege attaching to such communications belongs to the Company and not the Sellers. Other than as explicitly set forth in this Section 14.12, the parties acknowledge that any attorney-client privilege attaching as a result of legal counsel representing the Company prior to the Closing shall survive the Closing and continue to be a privilege of the Company, and not the Sellers, after the Closing.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

COMPANY:

BICYCLE HOLDING, INC.

By: /s/ Gregory S. Simko

Name: Gregory S. Simko
Title: President

BUYER:

JARDEN CORPORATION

By: /s/ Martin E. Franklin

    Name: Martin E. Franklin
    Title: Chief Executive Officer

[Counterpart signature page to Securities Purchase Agreement]

SELLER REPRESENTATIVE:

By:

Name: Dudley S. Taft, for himself, as the Seller Representative, and for the Sellers (including himself), as the Seller Representative

[Counterpart signature page to Securities Purchase Agreement]

PUT AND CALL AGREEMENT

This PUT AND CALL AGREEMENT (this "AGREEMENT") is made as of February 24, 2004, by and among the shareholders of Bicycle Holding, Inc., a Delaware corporation (the "COMPANY") set forth on the signature pages hereto (each a "PUT HOLDER" and collectively, the "PUT HOLDERS") and Jarden Corporation, a Delaware corporation (the "BUYER");

RECITALS

A. On the date hereof, the Buyer, the Company, certain Put Holders, and each of the other shareholders of the Company have entered into a Securities Purchase Agreement, substantially in the form attached hereto as Exhibit A (the "PURCHASE AGREEMENT"), pursuant to which the Buyer will purchase all of the outstanding capital stock of the Company, other than the shares of the Company's common stock, par value $0.01 per share (the "COMMON STOCK") held by the Put Holders and set forth on Schedule 1 to this Agreement (such shares are collectively referred to herein as the "PUT/CALL SHARES").

B. The Purchase Agreement contemplates that the parties hereto shall enter into this Agreement, pursuant to which (i) Buyer may exercise a call right to purchase all of the Put/Call Shares from the Put Holders on the terms and conditions set forth herein; and (ii) each Put Holder may exercise a put right to sell all of its portion of the Put/Call Shares to Buyer on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the above premises and in consideration of the mutual covenants and undertakings of the parties as set forth below and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Capitalized terms used but not otherwise defined in this Agreement shall have the same respective meanings assigned to them in the Purchase Agreement.

(b) In addition to terms defined elsewhere in this Agreement, the following terms and phrases shall have the following respective meanings for purposes of this Agreement:

(i) "CALL PRICE BASELINE" means the product of (A) the "Adjusted Equity Value" (as determined pursuant to Section 2.1(a)(i)(A) of the Purchase Agreement and as adjusted (if at all) pursuant to Exhibit A to the Purchase Agreement prior to any exercise of the Call Right or a Put Right hereunder); multiplied by (B) 100.5%.

(ii) A "PUT HOLDER PERCENTAGE" means with respect to any Put Holder, the percentage figure which expresses the ratio, on a fully diluted basis, between (A) the aggregate amount of Put/Call Shares held by such Put Holder, and (B) the aggregate amount of Purchased Securities and Put/Call Shares.

(iii) The "MAXIMUM PUT RIGHT CONSIDERATION" means with respect to any Put Holder the product of (A) the Call Price Baseline; multiplied by (B) such Put Holder's Put Holder Percentage.

(iv) The "MINIMUM PUT RIGHT CONSIDERATION" means with respect to any Put Holder the product of (A) 95% multiplied by (B) the Adjusted Equity Value multiplied by (C) such Put Holder's Put Holder Percentage.

(v) "PER SHARE HOLDBACK AMOUNT" means the quotient of (A) $20,000,000 divided by (B) the Total Company Share Number.

(vi) "PUT/CALL SHARE PERCENTAGE" means the percentage figure which expresses the ratio, on a fully diluted basis, between (A) the aggregate amount of Put/Call Shares, and (B) the aggregate amount of Purchased Securities and Put/Call Shares.

(vii) "PUT/CALL TRANSFER MATERIALS" means with respect to each Put Holder, all certificates and other instruments evidencing or otherwise representing all Put/Call Shares owned by such Put Holder, free and clear of all Encumbrances, and a power or powers duly executed in blank and sufficient to convey to the Buyer good and valid title in and to all such Put/Call Shares, together with all accrued benefits and rights attaching thereto.

(viii) The "PUT PRICE BASELINE" means with respect to each Put Holder, the product of (A) seven and seventy three hundredths (7.73); multiplied by (B) the Company EBITDA for the latest trailing twelve months reasonably calculable by the Company upon any such Put Holder's exercise of its Put Right.

(ix) "TOTAL COMPANY SHARE NUMBER" means the sum of (i) the aggregate number of Purchased Shares plus (ii) the aggregate number of Put/Call Shares.

2. Grant of Call Right.

(a) Subject to the terms and conditions set forth herein, each Put Holder hereby grants to Buyer the right to purchase all of the Put/Call Shares owned by such Put Holder (the "CALL RIGHT"). Buyer may exercise the Call Right at any time during the period commencing on October 1, 2004 and ending on November 1, 2004 (the "CALL EXERCISE PERIOD"); provided, however, that the Call Right may not be exercised unless the Closing of the transactions contemplated by the Purchase Agreement has occurred.

(b) The cash purchase price to be paid by Buyer upon exercise of the Call Right shall be equal to product of (i) the Call Price Baseline, multiplied by (ii) the Put/Call Share Percentage (the "CALL RIGHT CASH CONSIDERATION"). The Call Right Cash Consideration will be paid to the Put Holders, less the Aggregate Call Holdback Amount, as set forth in Section 4(a).

(c) Buyer may not exercise the Call Right with respect to less than all of the Put/Call Shares owned by all of the Put Holders. To exercise the Call Right, Buyer shall deliver a written notice of such exercise (a "CALL ELECTION NOTICE") to the Seller Representative at any time during the Call Exercise Period.

3. Grant of Put Right.

(a) Subject to the terms and conditions set forth herein, Buyer hereby grants to each Put Holder the right to sell to Buyer all of the Put/Call Shares owned by such Put Holder (such right with respect to each such Put Holder, a "PUT RIGHT"). Each Put Holder may exercise its Put Right at any time during the period commencing on January 1, 2005 and ending on March 1, 2005 (the "PUT EXERCISE PERIOD"); provided, however, that no Put Right may be exercised unless (i) the Closing of the transactions contemplated by the Purchase Agreement has occurred; and (ii) the Buyer has not exercised the Call Right and consummated the Purchase of the Put/Call Shares within 10 Business Days following the end of the Call Exercise Period.

(b) Subject to the limits set forth in this Section 3(b), the cash purchase price to be paid by Buyer to a Put Holder upon exercise of such Put Holder's Put Right shall equal the product of (i) the Put Price Baseline; multiplied by (ii) such Put Holder's Put Holder Percentage (such product being such Put Holder's "PUT RIGHT CASH CONSIDERATION"). Notwithstanding the immediately preceding sentence, if a Put Holder's Put Right Cash Consideration is greater than the Maximum Put Right Consideration, such Put Holder's Put Right Cash Consideration shall be deemed to be the Maximum Put Right Consideration; and if such Put Holder's Put Right Cash Consideration is less than the Minimum Put Right Consideration, such Put Holder's Put Right Cash Consideration shall be deemed to be the Minimum Put Right Consideration. A Put Holder's Put Right Cash Consideration shall be paid to such Put Holder, less such Put Holder's Individual Put Holdback Amount, as set forth in Section 4(b).

(c) A Put Holder may exercise its Put Right only with respect to all of the Put/Call Shares held by such Put Holder, but no Put Holder shall be compelled to exercise its Put Right by the exercise of Put Rights by one or more other Put Holders. To exercise its Put Right, a Put Holder shall at any time during the Put Exercise Period deliver a written notice of such exercise (a "PUT ELECTION NOTICE") to the Seller Representative, along with such Put Holder's Put/Call Transfer Materials. The Seller Representative will promptly transfer any such Put Election Notice or Put Election Notices (if such Notices are received on a given date from more than one Put Holder) to the Buyer, along with such Put Holder's Put/Call Transfer Materials.

4. Transfer of Put/Call Shares and Payment of Cash Consideration.

(a) Call Right Cash Consideration. Upon receipt of a Call Election Notice, the Seller Representative shall promptly notify each Put Holder that the Buyer has exercised the Call Right. Each Put Holder, following receipt of such notice from the Seller Representative, will promptly deliver to the Seller Representative such Put Holder's Put/Call Transfer Materials, and the Seller Representative will promptly forward such Put/Call Transfer Materials to Buyer. Upon receipt of Put/Call Transfer Materials representing 100% of the Put/Call Shares, Buyer shall pay to the Seller Representative (on behalf of the Put Holders) by wire transfer of immediately available funds an amount equal to the Call Right Cash Consideration less an amount equal to the product of (A) the Per Share Holdback Amount; multiplied by (B) the aggregate number of Put/Call Shares (the "AGGREGATE CALL HOLDBACK AMOUNT").

(b) Put Right Cash Consideration. Following a Put Holder's delivery of a Put Election Notice and its Put/Call Transfer Materials, the Seller Representative will promptly

deliver the Put Election Notice and such Put/Call Transfer Materials to Buyer. Within two Business Days of receipt of such Put Election Notice and Put/Call Transfer Materials from the Seller Representative, Buyer shall pay to the Seller Representative (on behalf of such Put Holder) by wire transfer of immediately available funds an amount equal to such Put Holder's Put Right Cash Consideration less an amount equal to the product of (A) the Per Share Holdback Amount; multiplied by (B) the number of Put/Call Shares owned and delivered by such Put Holder (the "INDIVIDUAL PUT HOLDBACK AMOUNT").

(c) Treatment of Holdbacks. Buyer shall retain the Aggregate Call Holdback Amount or any Individual Put Holdback Amounts, as applicable, from any payments of the Call Right Cash Consideration or Put Right Cash Consideration made under this Agreement, and any such amounts so retained shall be deemed upon retention to have been automatically added to the "Holdback Amount" (as such term is used in the Purchase Agreement) and thereafter treated in all respects as a portion of the Holdback Amount pursuant to the terms of the Purchase Agreement. Upon any such addition to the Holdback Amount, the Irrevocable Letter of Credit issued in favor of the Seller's pursuant to Section 12.6 of the Purchase Agreement shall be adjusted and increased so that it fully secures the Buyer's performance of its obligations under the Holdback Amount, as increased by such addition.

(d) Adjustment of Prior Indemnification Claims. Each Put Holder, following the Buyer's exercise of the Call Right, or if the Call Right is not exercised, any Put Holder following its exercise of a Put Right (and the automatic addition of the Aggregate Call Holdback Amounts or Individual Put Holdback Amount, as applicable, to the Holdback Amount pursuant to Section 4(c)), shall upon any eventual distributions of the Holdback Amount pursuant to Section 12.6 of the Purchase Agreement be deemed to have contributed pro-rata, in accordance with its Put Holder Percentage, to the satisfaction of any indemnification claim made against all Sellers under the Purchase Agreement that was resolved and satisfied against the Holdback Amount prior to any exercise of such Call or Put Right. Following the Closing of the Purchase Agreement, no assertion or existence of any indemnification claim (whether or not resolved) shall prevent either Buyer or any Put Holder from exercising a Call Right or Put Right as set forth herein.

5. Rights of Parties Prior to Exercise of Call or Put Rights.

(a) Prior to any exercise of Call or Put Rights, the Put Holders shall maintain all indicia of ownership of the Put/Call Shares, including the rights to collect any dividends paid on such shares, to control the votes associated with such shares; and to transfer such shares; provided, however, that any transferee of the Put/Call Shares must expressly agree to be bound by this Agreement.

(b) Except for the Call Right set forth herein, Buyer shall not compel any Put Holder to transfer its Put/Call Shares. Buyer shall not consummate any merger, consolidation, or similar corporate restructuring that, by operation of law or otherwise, would result in the Put/Call Shares being exchanged or converted into cash, securities of other entities, or other consideration. All appropriate terms and conditions of this Agreement will be modified as necessary to reflect any stock split, reverse stock split, stock dividend, or other like change with respect to the Put/Call Shares or the capitalization of the Company.

(c) Nothing in this Agreement shall prevent the Buyer from effecting intra-company loans to or between any of its direct or indirect majority owned subsidiaries (including, after the Closing of the Purchase Agreement, the Company).

6. Effect of Exercise of Call or Put Rights under the Purchase Agreement. From and after the purchase by the Buyer of any Put/Call Shares pursuant to this Agreement:

(a) For all purposes under the Purchase Agreement, such Put/Call Shares shall not be considered "Put/Call Shares" but instead shall be considered "Purchased Securities" (as such terms are used and defined in the Purchase Agreement);

(b) each Put Holder of such Put/Call Shares immediately prior to Buyer's purchase shall be considered a Seller (as such term is used and defined in the Purchase Agreement) for all purposes under the Purchase Agreement, and as such shall, without limitation, (i) be entitled to share in any Contingent Payment under Section 2.2 of the Purchase Agreement; and (ii) be subject to the Sellers' indemnification obligations under Section 11 of the Purchase Agreement (and all of the terms, conditions, and limitations set forth therein);

(c) each Put Holder upon the exercise of the Call Right or its Put Right shall be deemed to have made to Buyer at the Closing of the Purchase Agreement each of the representations and warranties set forth in Sections 3 and 4 of the Purchase Agreement and each applicable covenant of the Sellers therein.

(d) Buyer shall be deemed to have made at the Closing of the Purchase Agreement each of the representations and warranties set forth in Section 5 of the Purchase Agreement and each applicable covenant of the Buyer therein (i) to each Put Holder following Buyer's exercise of a Call Right; or (ii) to any Put Holder following its exercise of its Put Right, as the case may be.

7. Representations and Warranties of Put Holder. Each Put Holder hereby represents and warrants to Buyer as follows:

(a) Organization and Good Standing. Such Put Holder, if not an individual, is a Person duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization (as applicable) and has all necessary corporate or organizational power and authority to carry on its business as presently conducted.

(b) Power and Authorization. Such Put Holder, if not an individual, has all requisite corporate or organizational (as applicable) and other power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by such Put Holder of this Agreement have been duly authorized by all necessary corporate, organizational or other action. This Agreement has been duly and validly executed and delivered by such Put Holder and constitutes the legal, valid and binding obligation of such Put Holder, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

(c) Such Put Holder, if an individual, is at least eighteen (18) years of age, and has all requisite power and authority to enter into and perform his obligations under this Agreement. This Agreement has been duly and validly executed and delivered by such Put Holder and constitutes the legal, valid and binding obligation of such Put Holder, enforceable against him in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

(d) No Conflicts. The execution, delivery and performance of this Agreement does not and will not (with or without the passage of time or the giving of notice): (i) violate or conflict with (as applicable) the articles or certificate of incorporation, bylaws, articles or certificate of formation or organization, limited liability company or operating agreement, partnership agreement or other organizational document of such Put Holder; (ii) violate or conflict with any Law binding upon such Put Holder or violate or conflict with, result in a breach of, constitute a default or otherwise cause any loss of benefit under any material agreement or other material obligation to which such Put Holder is a party or by which the Put Holder or any of its assets are otherwise bound, except, in each case, for such violations, conflicts, breaches, defaults or losses as would not have an adverse effect upon the ability of such Put Holder to enter into or perform its obligations under this Agreement; or (iii) result in, require or permit the creation or imposition of any Encumbrance upon or with respect to any of the Put/Call Shares held by such Put Holder. No consent, authorization, waiver by or filing with any governmental agency, administrative body or other third party is required in connection with the execution, delivery or performance of this Agreement by such Put Holder or the consummation by the Put Holder of the transactions contemplated hereby, except for such consents, authorizations, waivers or filings, as to which the failure to obtain would not have an adverse effect upon the ability of such Put Holder to enter into or perform its obligations under this Agreement.

(e) Proceedings. There are no Proceedings pending or, to the Knowledge of such Put Holder, threatened that question any of the transactions contemplated by, or the validity of, this Agreement or any of the other agreements or instruments contemplated hereby or which, if adversely determined, would have an adverse effect upon the ability of the Put Holder to enter into or perform its obligations under this Agreement or any such other agreements or instruments.

(f) Ownership of the Put/Call Shares. Such Put Holder owns all right title and interest, and has good and valid title, in and to all of the Put/Call Shares set forth opposite its name on Schedule I attached hereto, beneficially and of record, free and clear of any Encumbrance. There are no shareholder or other agreements affecting the right of such Put Holder to convey such Put/Call Shares (or rights therein) to the Buyer as contemplated hereby or any other right of the Put Holder with respect to such Put/Call Shares, and such Put Holder has the absolute right, authority, power and capacity to sell, transfer, convey, assign and deliver the Put/Call Shares to the Buyer as contemplated hereby, free and clear of any Encumbrance (except for restrictions imposed generally by applicable securities laws). Upon delivery to the Buyer of the Transfer Materials representing all of the Put/Call Shares set forth opposite such Put Holder's name on Schedule I attached hereto, the Buyer will acquire good and valid title in and to such Put/Call Shares, free and clear of any Encumbrance (except for applicable securities laws restrictions).

(g) Such Put Holder hereby acknowledges and agrees that the Contingent Payment, if any, payable under the Purchase Agreement may be paid, in whole or in part, in the form of Buyer Common Stock (as provided therein) and that, in connection with such potential receipt of Buyer Common Stock (the "RIGHT") in accordance with the Purchase Agreement, such Put Holder hereby further represents and warrants to the Buyer that such Put Holder: (i) except to the extent that the Buyer Common Stock is registered under the Securities Act, is acquiring the Right (and will acquire the related Buyer Common Stock) to be acquired by it under the Purchase Agreement for its own account and not with a view to, or for sale in connection with, any resale, transfer or distribution thereof, nor with any present intention of distributing, or to make any distribution of, such Right (or Buyer Common Stock), except for any reallocation among the Put Holders; (ii) has been afforded an opportunity to ask questions of and receive answers from representatives of the Buyer concerning the terms and conditions of this Agreement and the Purchase Agreement and the acquisition of the Right (and the related Buyer Common Stock) as contemplated hereby; and (iii) if identified as such on Schedule 1 hereto, is an "accredited investor", as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

8. Representations and Warranties of Buyer. Buyer hereby represents and warrants to each Put Holder as follows:

(a) Incorporation and Good Standing. The Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to conduct its business as presently conducted and to own and lease the properties and assets used in connection therewith.

(b) Power and Authorization. The Buyer has all requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Buyer of this Agreement have been duly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally, general equitable principles, the discretion of courts in granting equitable remedies and matters of public policy.

(c) Validity of Contemplated Transactions. Neither the execution and delivery of this Agreement nor any other agreement, instrument or other document necessary to consummate the transactions contemplated herein by Buyer nor the consummation by the Buyer of the transactions provided for herein or therein will conflict with, violate, or result in a breach of or default under any material contract or agreement to which the Buyer is a party or by which it is bound or any law, permit, license, order, judgment or decree applicable to the Buyer or any provision of the charter or bylaws of the Buyer, except in each case, for such violations, conflicts, breaches, defaults or losses as would not adversely affect the Buyer's ability to consummate the transactions contemplated hereby in any material respect.

(d) Consents. Except for consents from the Buyer's lenders (the "BANK CONSENTS"), no consent, authorization, waiver by or filing with any governmental agency, administrative body or other third party is required in connection with the execution or

performance of this Agreement by the Buyer or the consummation by the Buyer of the transactions contemplated hereby, except for such consents, authorizations, waivers or filings, as to which the failure to obtain would not adversely affect the Buyer's ability to consummate the transactions contemplated hereby in any material respect.

(e) Sufficient Funds. The Buyer will have available to it sufficient funds to pay the aggregate Call Right Cash Consideration or Put Right Cash Consideration as required herein and will have obtained any required Bank Consents.

(f) Investment Representations.

(i) Any acquisition by Buyer of any Put/Call Shares will be for its own account for purposes of investment and not for the account of any other Person, not for resale to any other Person, and not with a view to or in connection with a sale or distribution of the Securities. Buyer does not have, and at the time of any acquisition of Put/Call Shares hereunder will not have, any present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment for the disposition of the Securities by Buyer.

(ii) Buyer understands that at the time of any acquisition of Put/Call Shares hereunder, (A) such Put/Call Shares will not have been registered under the Securities Act, or the securities laws of any state or other jurisdiction, (B) the Put/Call Shares may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and under any applicable state or other jurisdiction's respective securities laws, or an exemption therefrom, and that without an effective registration statement covering the Put/Call Shares or an available exemption from registration under the aforementioned securities laws (including, without limitation, the Securities Act), the Put/Call Shares must be held indefinitely and (C) the Put Holders will not have any obligation to register the Put/Call Shares.

(iii) The Buyer acknowledges that on the date hereof and at the time of any acquisition of the Put/Call Shares (A) the Buyer has and will have sufficient knowledge and experience in finance and business matters that it is and will be capable of evaluating the risks and merits of its investment in the Put/Call Shares and the Buyer is and will be able financially to bear the risks thereof; and (B) the Buyer and its directors, officers, employees, attorneys, accountants and advisors have been given the opportunity to ask questions of the officers and management employees of the Company and the Subsidiaries concerning the terms and conditions of this Agreement and the transactions contemplated herein, the purchase of the Put/Call Shares, and the Business.

9. Seller Representative

(a) Each Put Holder has executed a Power of Attorney (attached hereto as Exhibit B) that appointed Dudley S. Taft as agent and attorney-in-fact, with full power of substitution and re-substitution, as the "Seller Representative" for and on behalf of such Put Holder, to, in accordance with this Agreement and the Power of Attorney: (i) negotiate, execute, and deliver this Agreement on behalf of each Put Holder; (ii) give and receive payments, notices and communications hereunder on behalf of any Put Holder (including the Call Election Notice, a Put Election Notice (once such election is made by such Put Holder), and any Call Right Cash

Consideration or Put Right Cash Consideration to be received by such Put Holder hereunder); (iii) to collect Transfer Materials from the Put Holders and distribute same to the Buyer; and (iv) take all actions necessary or appropriate in the judgment of the Seller Representative for the accomplishment of the foregoing or implementation of any provision of this Agreement or the Power of Attorney for which the Seller Representative is authorized hereby, thereby or otherwise. The Power of Attorney does not grant the Seller Representative the authority to exercise a Put Right on behalf of any Put Holder. Each Put Holder maintains the exclusive authority and power to exercise a Put Right with respect to its Put/Call Shares..

(b) To the extent and with respect to matters on which the Seller Representative has been empowered through the Power of Attorney, a decision, act, consent or instruction of the Seller Representative shall constitute a decision of all the Put Holders and shall be final, binding and conclusive upon each of the Put Holders, and the Buyer and any other Person may rely upon any such decision, act, consent or instruction of the Seller Representative as being the decision, act, consent or instruction of each Seller. The Buyer and any other Person (except any Put Holder) are hereby relieved from any liability to any Person for any acts done by them in accordance with any such decision, act, consent or instruction of the Seller Representative.

(c) In the event that the Seller Representative is unable or unwilling to serve as such, the Sellers shall, within five (5) business days following notice of such inability or unwillingness, appoint a successor Seller Representative, which person shall be a resident of the United States of America, in accordance with the Power of Attorney.

(d) The Seller Representative shall not be liable for any act done or omitted hereunder as the Seller Representative unless it is proved by clear and convincing evidence that his action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Put Holders or undertaken with reckless disregard to the best interests of the Put Holders. Except as provided in this Section 9.4(d), each Put Holder shall, severally and pro rata to the number of Put/Call shares held by such Put Holder, indemnify and hold the Seller Representative harmless from and against any loss, liability or expense incurred on the part of the Seller Representative and arising out of or in connection with the acceptance or administration of the Seller Representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the Seller Representative.

10. Equitable Relief. The parties hereto each acknowledge and agree that the other would be irreparably damaged in the event any of the provisions of this Agreement were not performed by it in accordance with the specific terms or were otherwise breached and that monetary damages will be an inadequate remedy of such non-performance or breach. Accordingly, in addition to any other remedy that the damaged party may have, the damaged party shall be entitled to enforce the specific performance of the provisions of this Agreement and to seek both permanent and temporary relief in the event of any non-performance of breach hereof.

11. Termination. This Agreement shall terminate, if at all, upon the earlier to occur of (a) the termination of the Purchase Agreement prior to a Closing thereunder; or (b) expiration

of the Put Exercise Period, unless either the Call Right or any Put Right has been exercised as of such time.

12. Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given to Put Holders (via the Seller Representative) or to the Buyer in accordance with the terms set forth in the Purchase Agreement.

13. Governing Law. This Agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of Delaware (and United States federal Law, to the extent applicable), irrespective of the principal place of business, residence or domicile of the parties hereto, and without giving effect to otherwise applicable principles of conflicts of law. Any legal action, suit or Proceeding arising out of or relating to this Agreement shall be instituted in any federal court or in any state court in the State of Delaware, and each party waives any objection which such party may now or hereafter have to the laying of the venue of any such action, suit or Proceeding, and irrevocably submits to the jurisdiction of any such court. Any and all service of process and any other notice in any such action, suit or Proceeding shall be effective against any party if given as provided herein. Nothing herein contained shall be deemed to affect the right of any party to serve process in any other manner permitted by Law.

14. Entire Agreement. This Agreement, the Purchase Agreement, the Power of Attorney, and the exhibits and schedules hereto and thereto (and the other agreements contemplated herein and therein) contain the entire agreement of the parties and supersede any and all prior agreements between the parties, written or oral, with respect to the subject matter hereof.

Execution in Counterparts. This Agreement may be executed in one or more counterparts and by one or more parties to any counterpart, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

15. Binding Effect; Assignment. No party hereto may assign any of its respective rights or obligations under this Agreement (other than to an Affiliate) without the written consent of the other parties, which shall not be unreasonably withheld, provided, however, no such assignment shall relieve the assignor from any of its duties, obligations or liabilities under this Agreement and the other parties shall be entitled to look solely to the assigning party for the performance of all of the assignor's duties, obligations or liabilities under this Agreement. Subject to the foregoing, this Agreement shall inure to the benefit of, be binding upon and be enforceable by and against, the parties hereto and their respective successors and permitted assigns.

16. Amendments; Waivers. This Agreement may be amended, modified or supplemented only by an instrument in writing executed by the Buyer and by the Seller Representative. The waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms and conditions hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

BUYER

JARDEN CORPORATION

/s/ Martin E. Franklin

By: Martin E. Franklin
Title: Chief Executive Officer

PUT HOLDERS [each Put Holder will
execute a separate signature page]

By: Dudley S. Taft, as attorney-in-fact

AMENDMENT NO. 2 TO AMENDED & RESTATED CREDIT AGREEMENT

This Amendment No. 2 to Amended & Restated Credit Agreement (this "Agreement") dated as of December 3, 2003 is made by and among JARDEN CORPORATION, a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., a national banking association organized and existing under the laws of the United States ("Bank of America"), in its capacity as administrative agent for the Lenders (as defined in the Credit Agreement (as defined below)) (in such capacity, the "Administrative Agent"), and each of the Lenders signatory hereto, and each of the Guarantors (as defined in the Credit Agreement) signatory hereto.

W I T N E S S E T H:

WHEREAS, the Borrower, the Administrative Agent and the Lenders have entered into that certain Amended & Restated Credit Agreement dated as of September 2, 2003, as amended by Amendment No. 1 to Amended & Restated Credit Agreement dated as of September 25, 2003 (as so amended, as hereby amended and as from time to time hereafter further amended, modified, supplemented, restated, or amended and restated, the "Credit Agreement"; the capitalized terms used in this Agreement not otherwise defined herein shall have the respective meanings given thereto in the Credit Agreement), pursuant to which the Lenders have made available to the Borrower various revolving credit and term loan facilities, including a letter of credit facility and a swing line facility; and

WHEREAS, each of the Guarantors has entered into a Guaranty pursuant to which it has guaranteed certain or all of the obligations of the Borrower under the Credit Agreement and the other Loan Documents; and

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders agree to amend certain terms of the Credit Agreement, which the Administrative Agent and the Lenders party hereto are willing to do on the terms and conditions contained in this Agreement;

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the terms and conditions set forth herein, the Credit Agreement is hereby amended as follows:

(a) The definition of "Consolidated EBITDA" is hereby deleted in its entirety and replaced with the following:

> "Consolidated EBITDA" means, for any period, for the Borrower and its Subsidiaries, an amount equal to the sum of (a) Consolidated Net Income (net of up to $10,000,000 of nonrecurring gains not otherwise excluded in the calculation of Consolidated Net Income as used in this definition, and net of up to $6,000,000 of reorganization expenses incurred in connection with the Diamond Acquisition not otherwise excluded in the calculation of Consolidated Net Income as used in this definition), (b) Consolidated Interest Charges, (c) the amount of taxes, based

on or measured by income, used or included in determining such Consolidated Net Income, (d) the amount of depreciation and amortization expense deducted in determining such Consolidated Net Income, (e) the amount of nonrecurring expenses incurred after the Original Closing Date and during such period not to exceed $10,000,000, to the extent such net expenses are deducted in determining Consolidated Net Income, (f) up to $5,000,000 of net non-recurring expenses incurred during such period in connection with (but not after) the consummation of the Lehigh Acquisition, to the extent such net expenses are deducted during such period in determining Consolidated Net Income, (g) if Scheduled Acquisition B has occurred, up to $10,000,000 of net non-recurring expenses incurred during such period in connection with (but not after) the consummation of the Scheduled Acquisition B, to the extent such net expenses are deducted during such period in determining Consolidated Net Income, and (h) up to $25,000,000 in any Four-Quarter Period in non-cash compensation expenses related to the issuance or vesting, or lapsing of restrictions with respect to the exercise, of restricted stock or stock options to employees of the Borrower to the extent such expenses are deducted during such period in determining Consolidated Net Income, all determined on a consolidated basis in accordance with GAAP, subject (in connection with the calculation of the Senior Leverage Ratio and the Total Leverage Ratio only) to Acquisition Adjustments.

(b) The definition of "Non-Exempt Net Proceeds" in Article I of the Credit Agreement is hereby deleted in its entirety.

(c) Section 2.06(e)(ii) is hereby deleted in its entirety and replaced with the following:

(ii) The Borrower shall make, or shall cause each applicable Subsidiary to make, a prepayment with respect to each private or public offering of Equity Securities of the Borrower or any Subsidiary (other than the Permitted Equity Issuance and Equity Securities issued to the Borrower or a Guarantor) in an amount equal to fifty percent (50%) of the Net Proceeds of each such issuance of Equity Securities of the Borrower or any Subsidiary. Each prepayment provided for in this Section 2.06(e)(ii) will be made within ten (10) Business Days of receipt of such proceeds and upon not less than five (5) Business Days' prior written notice to the Administrative Agent, which notice shall include a certificate of a Responsible Officer of the Borrower setting forth in reasonable detail the calculations utilized in computing the Net Proceeds of such issuance and the amount of such prepayment; provided that no prepayment shall be required hereunder of the first $20,000,000 of Net Proceeds in each fiscal year of the Borrower realized from (x) the issuance of Equity Securities in connection with the exercise of any option, warrant or other convertible security of the Borrower or any Subsidiary or (y) the issuance, award or grant of Equity Securities to eligible participants under a stock plan of the Borrower.

(d) Exhibit D to the Credit Agreement is hereby deleted in its entirety and replaced by the revised Exhibit D set forth as Annex I to this Agreement.

2. Effectiveness; Conditions Precedent. The effectiveness of this Agreement and the amendments to the Credit Agreement provided in Paragraph 1 hereof are all subject to the satisfaction of each the following conditions precedent:

(a) The Administrative Agent shall have received each of the following documents or instruments in form and substance reasonably acceptable to the Administrative Agent:

(i) four (4) original counterparts of this Agreement, duly executed by the Borrower, the Administrative Agent, each Guarantor and the Required Lenders, together with all schedules and exhibits thereto duly completed;

(ii) such other documents, instruments, opinions, certifications, undertakings, further assurances and other matters as the Administrative Agent shall reasonably request.

(b) All fees and expenses payable to the Administrative Agent and the Lenders (including the fees and expenses of counsel to the Administrative Agent) estimated to date shall have been paid in full (without prejudice to final settling of accounts for such fees and expenses).

3. Consent of the Guarantors. Each Guarantor hereby consents, acknowledges and agrees to the amendments and other matters set forth herein and hereby confirms and ratifies in all respects the Guaranty to which such Guarantor is a party (including without limitation the continuation of such Guarantor's payment and performance obligations thereunder upon and after the effectiveness of this Agreement and the amendments, waivers and consents contemplated hereby) and the enforceability of such Guaranty against such Guarantor in accordance with its terms.

4. Representations and Warranties. In order to induce the Administrative Agent and the Lenders to enter into this Agreement, the Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

(a) The representations and warranties made by the Borrower in Article V of the Credit Agreement and in each of the other Loan Documents to which it is a party are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date;

(b) Since June 30, 2003, no act, event, condition or circumstance has occurred or arisen which, singly or in the aggregate with one or more other acts, events, occurrences or conditions (whenever occurring or arising), has had or could reasonably be expected to have a Material Adverse Effect;

(c) The Persons appearing as Guarantors on the signature pages to this Agreement constitute all Persons who are required to be Guarantors pursuant to the terms of the Credit Agreement and the other Loan Documents, including without limitation all

Persons who became Subsidiaries or were otherwise required to become Guarantors after the Closing Date, and each of such Persons has become and remains a party to a Guaranty as a Guarantor;

(d) This Agreement has been duly authorized, executed and delivered by the Borrower and Guarantors party hereto and constitutes a legal, valid and binding obligation of such parties, except as may be limited by general principles of equity or by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally; and

(e) After giving effect to this Agreement, no Default or Event of Default has occurred and is continuing.

5. Entire Agreement. This Agreement, together with all the Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other. None of the terms or conditions of this Agreement may be changed, modified, waived or canceled orally or otherwise, except in writing and in accordance with Section 10.01 of the Credit Agreement.

6. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects and shall be and remain in full force and effect according to their respective terms.

7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

8. Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and to be performed entirely within such State, and shall be further subject to the provisions of Sections 10.17(b) and 10.18 of the Credit Agreement.

9. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

10. References. All references in any of the Loan Documents to the "Credit Agreement" shall mean the Credit Agreement, as amended hereby.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the

benefit of the Borrower, the Administrative Agent and each of the Guarantors and Lenders, and their respective successors, legal representatives, and assignees to the extent such assignees are permitted assignees as provided in Section 10.07 of the Credit Agreement.

[SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

JARDEN CORPORATION

By: /s/ Simon Wood

Name: Simon Wood

Title: Vice President of Finance and Controller

GUARANTORS:

HEARTHMARK, LLC, a Delaware limited liability company

ALLTRISTA PLASTICS CORPORATION, an Indiana corporation

ALLTRISTA NEWCO CORPORATION, an Indiana corporation

LEHIGH CONSUMER PRODUCTS CORPORATION, a Pennsylvania corporation TILIA, INC. (successor by name change to Alltrista Acquisition I, Inc.), a Delaware corporation

TILIA DIRECT, INC. (successor by name change to Alltrista Acquisition II, Inc.), a Delaware corporation

TILIA INTERNATIONAL, INC. (successor by name change to Alltrista Acquisition III, Inc.), a Delaware corporation

QUOIN, LLC, a Delaware limited liability company

By: /s/ Simon Wood

Name: Simon Wood

Title: Vice President

ALLTRISTA ZINC PRODUCTS, L.P., an Indiana limited partnership

By: Alltrista Newco Corporation, a Indiana corporation, its general partner

By: /s/ Simon Wood

Name: Simon Wood

Title: Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT

By: /s/ Tim Cassidy

Name: Tim Cassidy

Title: Vice President

LENDERS:

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Tim Cassidy

Name: Tim Cassidy

Title: Vice President

CIBC INC.

By: /s/ Dean J. Decker

Name: Dean J. Decker

Title: Managing Director

FLEET NATIONAL BANK

By: /s/ W. Lincoln Schoff, Jr.

Name: W. Lincoln Schoff, Jr.

Title: Senior Vice President

HARRIS TRUST AND SAVINGS BANK

By: /s/ Thad D. Rasche

Name: Thad D. Rasche

Title: Vice President

NATIONAL CITY BANK OF INDIANA

By: /s/ David G. McNeely

Name: David G. McNeely

Title: Assistant Vice President

SUNTRUST BANK

By: /s/ Heidi M. Khambatta

Name: Heidi M. Khambatta

Title: Vice President

THE BANK OF NEW YORK

By: /s/ Maurice Campbell

Name: Maurice Campbell

Title: Vice President

TRANSAMERICA BUSINESS CAPITAL CORPORATION

By: /s/ Steve Goetschius

Name: Steve Goetschius

Title: Senior Vice President

APEX (IDM) CDO I LTD.

BY: DAVID L. BABSON & COMPANY INC. AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

BABSON CLO LTD. 2003-1

BY: DAVID L. BABSON & COMPANY INC. AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

BILL & MELINDA GATES FOUNDATION

BY: DAVID L. BABSON & COMPANY INC., AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

COLUMBUS FLOATING RATE ADVANTAGE FUND

By: /s/ Kathleen A. Zarn

Name: Kathleen A. Zarn

Title: Senior Vice President

COLUMBUS FLOATING RATE LIMITED

By: /s/ Kathleen A. Zarn

Name: Kathleen A. Zarn

Title: Senior Vice President

DENALI CAPITAL CLO III LTD.

By: /s/ John P. Thacker

Name: John P. Thacker

Title: Chief Credit Officer

EAST WEST BANK

By: /s/ Nancy A. Moore

Name: Nancy A. Moore

Title: Senior Vice President

ELC (CAYMAN) LTD. 2000-1

BY: DAVID L. BABSON & COMPANY INC., AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

ELC CAYMAN LTD. 1999-II

BY: DAVID L. BABSON & COMPANY INC., AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

ELC CAYMAN LTD. 1999-III

BY: DAVID L. BABSON & COMPANY INC., AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

FRANKLIN CLO IV, LIMITED

By: /s/ Tyler Chan

Name: Tyler Chan

Title: Vice President

FRANKLIN FLOATING RATE DAILY ACCESS

By: /s/ Tyler Chan

Name: Tyler Chan

Title: Asst. Vice President

FRANKLIN FLOATING RATE MASTER

By: /s/ Tyler Chan

Name: Tyler Chan

Title: Asst. Vice President

LANDMARK III CDO LIMITED

By: Aladdin Capital Management

By: /s/ Thomas Eggenschwiler

Name: Thomas Eggenschwiler

Title: Director

MAPLEWOOD (CAYMAN) LIMITED

BY: DAVID L. BABSON & COMPANY INC., UNDER
DELEGATED AUTHORITY FROM MASSACHUSETTS
MUTUAL LIFE INSURANCE COMPANY AS
INVESTMENT MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

MASSACHUSETTS MUTUAL LIFE INSURANCE CO.

BY: DAVID L. BABSON & COMPANY INC., AS
INVESTMENT MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

PINEHURST TRADING INC.

By: /s/ Ann E. Morris

Name: Ann E. Morris

Title: Asst. Vice President

PPM-SHADOW CREEK FUNDING LLC

By: /s/ Ann E. Morris

Name: Ann E. Morris

Title: Asst. Vice President

PPM-SPYGLASS FUNDING TRUST

By: /s/ Ann E. Morris

Name: Ann E. Morris

Title: Authorized Agent

SIMSBURY CLO LIMITED

BY: DAVID L. BABSON & COMPANY INC., UNDER
DELEGATED AUTHORITY FROM MASSACHUSETTS
MUTUAL LIFE INSURANCE COMPANY AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

SRF 2000 INC.

By: /s/ Ann E. Morris

Name: Ann E. Morris

Title: Asst. Vice President

SRF TRADING INC.

By: /s/ Ann E. Morris

Name: Ann E. Morris

Title: Asst. Vice President

SUFFIELD CLO LIMITED

BY: DAVID L. BABSON & COMPANY INC. AS
COLLATERAL MANAGER

By: /s/ David P. Wells

Name: David P. Wells

Title: Managing Director

VENTURE CDO 2002 LTD.

By: /s/

Name:

Title:

Amendment No. 2
Signature Page 86

VENTURE II CDO 2002, LIMITED

By: /s/

Name:

Title:

EXHIBIT 21.1

JARDEN CORPORATION
SUBSIDIARIES OF JARDEN CORPORATION

Company	Shareholder	State of Incorporation/Organization
Alltrista Limited	Jarden Corporation	Canada
Alltrista Newco Corporation	Jarden Corporation	Indiana
Alltrista Plastics Corporation*	Quoin, LLC	Indiana
Alltrista Zinc Products, L.P.**	Quoin, LLC (LP 99%) Alltrista Newco Corporation (GP 1%)	Indiana
Bernardin, Limited	Alltrista Limited	Canada
Desarrollo Industrial Fitec	Lehigh Consumer Products Corporation (99.99%) Jarden Corporation (0.01%)	Mexico
Hearthmark, LLC ***	Quoin, LLC	Delaware
Lehigh Consumer Products Corporation	Jarden Corporation	Pennsylvania
Quoin, LLC	Jarden Corporation	Delaware
Tilia Direct, Inc.	Jarden Corporation	Delaware
Tilia International, Inc.	Jarden Corporation	Delaware
Tilia, Inc.	Jarden Corporation	Delaware
Unimark Plastics Limited	Alltrista Plastics Corporation	United Kingdom

* (DBA) Unimark Plastics Company and Alltrista Industrial Plastics Company
** (DBA) Alltrista Zinc Products Company
*** (DBA) Alltrista Consumer Products Company

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement Number 33-60622 on Form S-8 dated March 31, 1993, Registration Statement Number 33-60730 on Form S-8 dated March 31, 1993, Registration Statement Number 333-27459 on Form S-8 dated May 20, 1997, Registration Statement Number 333-27461 on Form S-8 dated May 20, 1997, Registration Statement Number 333-67033 on Form S-8 dated November 10, 1998, Registration Statement Number 333-87996 on Form S-8 dated May 10, 2002, Registration Statement Number 333-89862 on Form S-4/A dated October 24, 2002 and Registration Statement Number 333-105081 on Form S-8 dated May 8, 2003, of our report dated January 30, 2004, with respect to the consolidated financial statements and schedule of Jarden Corporation and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ ERNST & YOUNG LLP

New York, New York
March 12, 2004

EXHIBIT 31.1

CERTIFICATION

I, Martin E. Franklin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jarden Corporation;

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

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

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

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2004

/s/ Martin E. Franklin

Martin E. Franklin
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Ian G.H. Ashken, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jarden Corporation;

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

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

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

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2004

/s/ Ian G.H. Ashken

Ian G.H. Ashken
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION
OF
CHIEF EXECUTIVE OFFICER
AND
CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Martin E. Franklin, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Jarden Corporation for the year ended December 31, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Jarden Corporation.

March 12, 2004 By: /s/ Martin E. Franklin

Martin E. Franklin
Chief Executive Officer

I, Ian G.H. Ashken, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Jarden Corporation for the year ended December 31, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Jarden Corporation.

March 12, 2004 By: /s/ Ian G.H. Ashken

Ian G.H. Ashken
Chief Financial Officer