



ACTION PRODUCTS INTERNATIONAL INC.

419 Lafayette Street
New York, NY 10003

April 19, 2012

On April 10, 2012, Action Products International, Inc. ("APII"), entered into a merger agreement (the "Agreement") with its wholly-owned subsidiary ("Merger Sub") and Core Wafer Systems, Inc. (the "Company") whereby (i) Merger Sub shall be merged with and into the Company, (ii) the separate legal existence of Merger Sub shall cease and (iii) the Company shall be the surviving corporation and be a wholly-owned subsidiary of APII. Under the terms of the Agreement, the current shareholders of the Company (the "Shareholders") will acquire 65% of the outstanding equity of APII upon the effectiveness of the merger (the "Merger"). The Shareholders shall receive 50,868,226 shares of APII's common stock. The Shareholders shall also receive 13,365,291 shares of convertible preferred stock of APII which are convertible into 27,390,583 shares of common stock of APII. APII anticipates closing on the Merger in approximately (45) Forty-Five days from the date of the Agreement. A form of the agreement is attached herein as exhibit A.

Action Products International, Inc. is the parent company of North East Expedite Logistics, a transportation company. Core Wafer Systems, Inc. is a technology leader with a propriety parallel measurement schema for physical phenomena of semiconductor structures. Additional company information can be obtained on the company website at: <http://www.actionproductsinternational.com>.

ACTION PRODUCTS INTERNATIONAL INC.

BY: _____

NAME: Gary Polistena

TITLE: Chief Executive Officer

EXHIBIT A

MERGER AGREEMENT

THIS MERGER AGREEMENT (the "**Agreement**") is made and entered into on April 10, 2012, by and among ACTION PRODUCTS INTERNATIONAL, INC., a Florida corporation ("**APII**"), ACTION PRODUCTS INTERNATIONAL INC, a New York corporation, which is a wholly-owned subsidiary of APII ("**Merger Corp.**"), and CORE WAFER SYSTEMS, INC., a Nevada corporation (the "**Company**").

WITNESSETH:

WHEREAS, the respective Boards of Directors of APII, Merger Corp. and the Company have determined that it is fair to and in the best interests of their respective corporations and stockholders for Merger Corp. to merge with and into the Company, with the Company as the surviving corporation (the "**Merger**"), upon the terms and subject to the conditions set forth herein and in the Articles of Merger (the "**Articles of Merger**") and Certificate of Merger (the "**Certificate of Merger**") attached as Exhibit A hereto; and

WHEREAS, the respective Boards of Directors of APII and the Company have determined that it is fair to and in the best interests of their respective corporations and stockholders that the shareholders of the Company receive shares of APII stock as consideration for the relinquishment of their shares of the Company in the Merger; and

WHEREAS, the respective Boards of Directors of APII, Merger Corp. and the Company have approved this Agreement and the Certificate of Merger and Articles of Merger, respectively, in accordance with Section 607.0821 of the Florida Business Corporation Act (the "**FBCA**"), Section 708(b) of the New York Business Corporation Law (the "**NYBCL**") and Section 78.315 of the Nevada Revised Statutes (the "**NRS**"), respectively, upon the terms and subject to the conditions set forth herein; and

WHEREAS, the parties hereto intend that the Merger contemplated herein shall qualify as a tax-free Merger within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "**Code**").

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

ARTICLE I

THE MERGER

1.1 Merger. Subject to the terms and conditions of this Agreement and the Certificate of Merger and Articles of Merger, Merger Corp. shall be merged with and into the Company in accordance with Section 907 of the NYBCL and Section 92A.190 of the NRS. At the Effective Time (as hereinafter defined), the separate legal existence of Merger Corp. shall cease and the Company shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "**Surviving Corporation**") and shall continue its corporate existence under the laws of the State of Nevada under the name "Core Wafer Systems, Inc."

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1.2 Effective Time. The Merger shall become effective upon the filing of the Certificate of Merger with the Secretary of State of the State of New York and the filing of the Articles of Merger with the Secretary of State of the State of Nevada. The time at which the Merger shall become effective as aforesaid is referred to hereinafter as the "**Effective Time**."

1.3 Articles of Incorporation; By-laws; Directors and Officers.

(a) The Articles of Incorporation of the Company as in effect immediately prior to the Effective Time, attached as Exhibit B hereto, shall be the Articles of Incorporation of the Surviving Corporation from and after the Effective Time until amended in accordance with applicable law and such Articles of Incorporation.

(b) The By-laws of the Company, as in effect immediately prior to the Effective Time, attached as Exhibit C hereto, shall be the By-laws of the Surviving Corporation from and after the Effective Time until amended in accordance with applicable law, the Articles of Incorporation and such By-laws. The Articles of Incorporation and Bylaws of the Company attached as Exhibits B and C hereto shall sometimes hereinafter be referred to as the "**Organizational Documents**".

(c) The directors and officers listed in Exhibit D hereto shall be the directors and officers of the Surviving Corporation, and each shall hold his or her respective office or offices from and after the Effective Time until his or her successor shall have been elected and shall have been qualified in accordance with applicable law, or as otherwise provided in the Articles of Incorporation or By-laws of the Surviving Corporation.

1.4 Assets and Liabilities. At the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of each of Merger Corp. and the Company (collectively, the "**Constituent Corporations**"); and all the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed, and all debts due to any of the Constituent Corporations on whatever account, as well for stock subscriptions as well as all other things in action or belonging to each of the Constituent Corporations, shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectively the property of the Surviving Corporation as they were of the several and respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of such Constituent Corporations shall not revert or be in any way impaired by the Merger; but all rights of creditors and all liens upon any property of any of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities and duties of the Constituent Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

1.5 Manner and Basis of Converting Shares. At the Effective Time:

(a) each share of common stock, no par value, of Merger Corp. that shall be outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive one share of

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common stock, par value \$.001 per share, of the Surviving Corporation, so that at the Effective Time, APII shall be the holder of all of the issued and outstanding shares of the Surviving Corporation;

(b) the shares of common stock, par value \$.001 per share, of the Company, beneficially owned by the Stockholders listed in Schedule 1.5 (other than shares of Company Stock as to which appraisal rights are perfected pursuant to the applicable provisions of the NRS and not withdrawn or otherwise forfeited), shall, by virtue of the Merger and without any action on the part of the holders thereof, be converted into the right to receive the number of shares of APII Common Stock and APII Preferred Stock specified in Schedule 1.5 for each of the Stockholders; and

(c) after the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Constituent Corporations of the shares of stock of the Constituent Corporations that were outstanding immediately prior to the Effective Time.

(d) at the Closing, the shares of APII Common Stock and APII Preferred Stock shall be divided among the CWS Stockholders as described in Schedule 1.5. However, a certain amount of shares of APII Common Stock and APII Preferred Stock, as described in Schedule 1.5, shall be held in reserve following the Closing, until the settlement or completion of that certain claim by a former CWS consultant for alleged unpaid compensation and his claim that he owns 15.8% of the issued and outstanding shares of CWS common stock (the "Lawsuit"). CWS categorically denies the validity of the Lawsuit because it received no consideration in exchange for the stock and compensation that is in dispute.

1.6 Surrender and Exchange of Certificates. Promptly after the Effective Time and upon surrender of a certificate or certificates representing shares of Company Stock that were outstanding immediately prior to the Effective Time or an affidavit and indemnification in form reasonably acceptable to counsel for APII stating that such Stockholder has lost their certificate or certificates or that such have been destroyed, APII shall issue to each record holder of the Company Stock surrendering such certificate or certificates, a certificate or certificates registered in the name of such Stockholder representing the number of shares of APII Common Stock and APII Preferred Stock that such Stockholder shall be entitled to receive as set forth in Section 1.5 hereof. Until the certificate, certificates or affidavit is or are surrendered as contemplated by this Section 1.6, each certificate or affidavit that immediately prior to the Effective Time represented any outstanding shares of Company Stock shall be deemed at and after the Effective Time to represent only the right to receive upon surrender as aforesaid the APII Common Stock and APII Preferred Stock specified in Schedule 1.5 hereof for the holder thereof or to perfect any rights of appraisal which such holder may have pursuant to the applicable provisions of the NRS.

1.7 APII Stock. APII agrees that it will cause the APII Common Stock and APII Preferred Stock into which the Company Stock is converted at the Effective Time pursuant to Section 1.5 to be available to the Stockholders. Subject to Section 1.6, as and when reasonably requested by the Stockholders, from time to time at the Effective Time or thereafter, the proper officers and directors of APII shall, for and on behalf and in the name of APII, take or cause to be taken such further actions as Shareholders and/or their respective successors or assigns

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reasonably may deem necessary or desirable in order to vest in the Shareholders that number of shares of APII Common Stock and APII Preferred Stock that such Stockholder shall be entitled to receive as set forth in Section 1.5 hereof.

1.8 Closing. The closing of the Merger (the "**Closing**") shall occur concurrently with the Effective Time (the "**Closing Date**") at the offices of APII referred to in Section 11.1 hereof. At the Closing, all of the documents, certificates, agreements, opinions and instruments referenced in Article VII will be executed and delivered as described therein. At the Effective Time, all actions to be taken at the Closing shall be deemed to be taken simultaneously.

1.9 Operation of Surviving Corporation. The Company acknowledges and warrants that upon the effectiveness of the Merger, and the material compliance by APII and Merger Corp. of its duties and obligations hereunder, APII shall have the absolute and unqualified right to deal with the assets and business of the Surviving Corporation, including but not limited to the assets listed on Schedules 2.14 and 2.17, as its own property (though its ownership of the Surviving Corporation) without limitation on the disposition or use of such assets or the conduct of such business.

1.10 Further Assurances. From time to time, from and after the Effective Time, as and when reasonably requested by APII, the proper officers and directors of the Company as of the Effective Time shall, for and on behalf and in the name of the Company or otherwise, execute and deliver all such deeds, bills of sale, assignments, amendments, termination letters and other instruments and shall take or cause to be taken such further actions as APII, Merger Corp. and/or their respective successors or assigns reasonably may deem necessary or desirable in order to confirm or record or otherwise transfer to the Surviving Corporation title to and possession of all of the properties, rights, privileges, powers, franchises and immunities of the Company or otherwise to carry out fully the provisions and purposes of this Agreement and the Articles of Merger and Certificate of Merger as reasonably expected by APII.


ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants as of the Closing to APII and Merger Corp. as follows:

2.1 Organization, Standing, Subsidiaries, Etc.

(a) The Company is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization and has all requisite power and authority (corporate and otherwise) to carry on its business, to own or lease its properties and assets, including those assets listed on Schedules 2.14 and 2.17, and to enter into and perform this Agreement. Copies of the Organizational Documents of the Company that have been delivered to APII and Merger Corp. prior to the execution of this Agreement are true and complete and have not since been amended, modified, restated or repealed.



(b) The Company does not have any subsidiaries or own any direct interest (by way of stock ownership) in any firm, corporation, limited liability company, partnership, association or business.

2.2 Qualification. The Company is duly qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction wherein the nature of its activities or its properties owned or leased makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the condition (financial or otherwise), properties, assets, liabilities, business operations, results of operations or prospects of the Company taken as a whole (the "**Condition of the Company**"). The Company is not qualified to conduct business in any jurisdiction other than as set forth on Schedule 2.2 hereto.

2.3 Capitalization of the Company. The authorized capital stock of the Company consists of 75,000,000 shares of common stock, par value \$.001 per share (the "**Company Stock**").

The Company has no authority to issue any other capital stock. All of the Company's outstanding shares of capital stock have been duly authorized and validly issued and are fully paid and non-assessable; and none of such shares has been issued in violation of the preemptive or similar rights of any person. The offer, issuance and sale of all outstanding shares of capital stock of the Company were (i) exempt from the registration and prospectus delivery requirements of the United States Securities Act of 1933, as amended (the "**Securities Act**"), (ii) exempt from registration or qualification under applicable securities or similar laws of the Company's jurisdiction of organization, (iii) exempt from registration or qualification under applicable securities or similar laws of each jurisdiction where each of the Company's stockholders is located and (iv) accomplished in conformity with all other applicable securities laws. No shares of Company Stock are subject to a right of withdrawal or a right of rescission under any U.S. Federal or state securities or "Blue-sky" law or under any applicable foreign securities laws. Except as otherwise set forth in this Agreement, the Company has no outstanding options, rights or commitments to issue any of its equity securities and there are no outstanding securities convertible or exercisable into or exchangeable for any equity securities of the Company.

2.4 Indebtedness. Schedule 2.4 hereto contains a true and complete list of all outstanding indebtedness of the Company. Except as set forth on Schedule 2.4, the Company is current in the payment of all amounts due and owing under such indebtedness and all of such indebtedness is properly reflected in the Company's balance sheet.

2.5 Stock Ownership. The stockholders listed on Schedule 1.5 own all of the issued and outstanding capital stock of the Company, in each case free and clear of all liens and encumbrances whatsoever (except for this Agreement). There is no voting trust, agreement or arrangement affecting the nomination or election of directors or the exercise of the voting rights of the Company's capital stock.

2.6 Corporate Acts and Proceedings. The execution, delivery and performance of this Agreement have been duly authorized by the Board of Directors and approved by the requisite vote of the stockholders of the Company and all of the corporate acts and other

proceedings required for the due and valid authorization, execution, delivery and performance of this Agreement and the consummation of the Merger by the Company have been validly and appropriately taken.

2.7 Compliance with Laws and Instruments. The business, products and operations of the Company have been and are being conducted in compliance in all material respects with all applicable laws, rules and regulations, except for such violations thereof for which the penalties, in the aggregate, would not have a material adverse effect on the Condition of the Company. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby: (i) will not require any authorization, consent or approval of, or filing or registration with, any court or governmental agency or instrumentality, except such as shall have been obtained prior to the Closing, (ii) will not cause the Company to violate or contravene (1) any provision of law, (2) any rule or regulation of any agency or government, (3) any order, judgment or decree of any court, or (4) any provision of its Organizational Documents, (iii) will not violate or be in conflict with, result in a breach of or constitute (with or without notice or lapse of time, or both) a default under, any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or other contract, agreement or instrument to which the Company is a party or by which the Company or any of its assets or properties is bound or affected, except as would not have a material adverse effect on the Condition of the Company, and (iv) will not result in the creation or imposition of any Lien upon any property or asset of the Company. The Company is not, except as would not materially and adversely affect the Condition of the Company, in violation of, or (with or without notice or lapse of time, or both) in default under, any term or provision of its Organizational Documents or of any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or, except as would not materially and adversely affect the Condition of the Company, any other material agreement or instrument to which the Company is a party or by which the Company or any of its assets or properties is bound or affected.

2.8 Binding Obligations. This Agreement constitutes the legal, valid and binding obligations of the Company and is enforceable against the Company in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

2.9 Broker's and Finder's Fees. No Person has, or as a result of the transactions contemplated or described herein will have, any right or valid claim against the Company for any commission, fee or other compensation as a finder or broker, or in any similar capacity. The Company hereby agrees to indemnify and hold each of APII and Merger Corp. harmless from and against any and all claims, losses or liabilities for any such commission, fee or other compensation as a result of the claim by any third Person that the indemnifying party or parties introduced or assisted them in connection with the transactions contemplated or described here.

2.10 Financial Statements. APII has previously been provided with an unaudited balance sheet of the Company (the "**Balance Sheet**") as of December 31, 2011 (the "**Balance Sheet Date**"), and the unaudited statements of operations and accumulated deficits and cash flows of the Company for the year ended December 31, 2011 (together with the Balance Sheet, the "**Financial Statements**"). Such Financial Statements (i) are in accordance with the

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books and records of the Company, (ii) present fairly in all material respects the financial condition of the Company at the dates therein specified and the results of their operations and changes in financial positions for the periods therein specified and (iii) have been prepared on a basis consistent with prior accounting periods other than the footnotes to such financial statements.

2.11 Absence of Undisclosed Liabilities. The Company has no material obligation or liability (whether accrued, absolute, contingent, liquidated or otherwise, whether due or to become due), arising out of any transaction entered into at or prior to the Closing, except (i) as disclosed in the Balance Sheet, (ii) to the extent set forth on or reserved against in the Balance Sheet or the notes to the Financial Statements, (iii) current liabilities incurred and obligations under agreements entered into in the usual and ordinary course of business since the Balance Sheet Date, none of which (individually or in the aggregate) has had or will have a material adverse effect on the Condition of the Company, and (iv) by the specific terms of any written agreement, document or arrangement identified in the Schedules to this Agreement.

2.12 Changes. Since the Balance Sheet Date, and except as otherwise disclosed in the Schedules or Exhibits to this Agreement, the Company has not (i) incurred any debts, obligations or liabilities, absolute, accrued, contingent or otherwise, whether due or to become due, except for fees, expenses and liabilities incurred in connection with the Merger and related transactions and current liabilities incurred in the usual and ordinary course of business, (ii) discharged or satisfied any Liens (as defined in Article X hereof) other than those securing, or paid any obligation or liability other than, current liabilities shown on the Balance Sheet and current liabilities incurred since the Balance Sheet Date, in each case in the usual and ordinary course of business, (iii) mortgaged, pledged or subjected to Lien any of their assets, tangible or intangible other than in the usual and ordinary course of business, (iv) sold, transferred or leased any of its assets, except in the usual and ordinary course of business, (v) cancelled or compromised any debt or claim, or waived or released any right, of material value, (vi) suffered any physical damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the Condition of the Company, (vii) entered into any transaction other than in the usual and ordinary course of business, (viii) encountered any labor union difficulties, (ix) made or granted any wage or salary increase or made any increase in the amounts payable under any profit sharing, bonus, deferred compensation, severance pay, insurance, pension, retirement or other employee benefit plan, agreement or arrangement, other than in the ordinary course of business consistent with past practice, or entered into any employment agreement, (x) issued or sold any shares of capital stock, bonds, notes, debentures or other securities or granted any options (including employee stock options), warrants or other rights with respect thereto, (xi) declared or paid any dividends on or made any other distributions with respect to, or purchased or redeemed, any of their outstanding capital stock, (xii) suffered or experienced any change in, or condition affecting, the Condition of the Company other than changes, events or conditions in the usual and ordinary course of its business, none of which (either by itself or in conjunction with all such other changes, events and conditions) has been materially adverse, (xiii) made any change in the accounting principles, methods or practices followed by them or depreciation or amortization policies or rates theretofore adopted, (xiv) made or permitted any amendment or termination of any material contract, agreement or license to which it is a party, (xv) suffered any material loss not reflected in the Balance Sheet or their statements of income for the period ended on the Balance Sheet Date, (xvi) paid, or made any accrual or arrangement for payment of, bonuses or

special compensation of any kind or any severance or termination pay to any present or former officer, director, employee, stockholder or consultant, (xvii) made or agreed to make any charitable contributions or incurred any non-business expenses in excess of \$20,000 in the aggregate, or (xviii) entered into any agreement, or otherwise obligated themselves, to do any of the foregoing.

2.13 Properties and Leases. Schedule 2.13 hereto contains a true and complete list of all real property leased or used by the Company, including a brief description of each item thereof and of the nature of the Company's interest therein, and of all tangible personal property owned or leased by the Company having a cost or Fair Market Value of greater than \$10,000, including a brief description of each item and of the nature of the interest of the Company therein. All the real property listed in Schedule 2.13 is leased under valid and (to the best knowledge of Company) enforceable leases having the rental terms, termination dates and renewal and purchase options described in Schedule 2.13; such leases are (to the best knowledge of Company) enforceable in accordance with their terms, and there is not, under any such lease, any existing default or event of default or event, fact or circumstance which, with notice or lapse of time or both, would constitute a default by the Company, and the Company has not received any notice or claim of any such default. The Company does not own any real property.

2.14 Material Contracts and Arrangements.

(a) Except as set forth on Schedule 2.14 (or as disclosed in any other Schedule or Exhibit to this Agreement), the Company is not a party to, nor is any of its properties subject to or bound by, any:

- (i) lease agreement (whether as lessor or lessee), where the obligation of the Company exceeds \$5,000;
- (ii) license agreement, assignment or contract (whether as licensor or licensee, assignor or assignee) relating to software, trademarks, trade names, patents, or copyrights (or applications therefore), unpatented designs or processes, formulae, know-how or technical assistance, or other proprietary rights;
- (iii) employment or other contract or agreement with an employee or independent contractor which (1) may not be terminated without liability to the Company upon notice to the employee or independent contractor of not more than 30 days, or (2) provides for payments (contingent or otherwise) of more than \$15,000 per year (including all salary, bonuses and commissions);
- (iv) agreement, contract or order with any buying agent, supplier or other individual or entity who assists, provides or is otherwise involved in the acquisition, supplying or provision of assets or other goods to the Company's business;
- (v) non-competition, secrecy or confidentiality agreements;
- (vi) agreement or other arrangement for the sale of goods or services to any third party (including the government or any other governmental authority);
- (vii) agreement with any labor union;
- (viii) agreement, contract with any distributor, dealer, leasing company, sales agent or representative, other than contracts or orders for the purchase, sale or license of goods made in the usual and ordinary course of business at an aggregate price per contract of more than \$5,000 and a term of more than six months under any such contract or order;

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(ix) agreement, contract or order with any manufacturer, leasing company, supplier or customer (including those agreements which allow discounts or allowances or extended payment terms), of more than \$5,000;

(x) agreement with any distributor or brokerage company, leasing company, management company or any other individual or entity who assists, places, brokers or otherwise is involved with the marketing or distribution of the products of the Company's business to their customers;

(xi) agreement guaranteeing, indemnifying or otherwise becoming liable for the obligations or liabilities or another;

(xii) agreement with any banks or other persons, for the borrowing or lending of money or payment or repayment of draws on letters of credit or currency swap or exchange agreements (other than purchase money security interests which may, under the terms or invoices from its suppliers, be granted to suppliers with respect to goods so purchased);

(xiii) agreement with any bank, finance company or similar organization which acquires from the Company receivables or contracts for sales on credit;

(xiv) agreement granting any person a lien, security interest or mortgage on any of the Company's assets, including, without limitation, any factoring or agreement for the assignment of receivables or inventory;

(xv) agreement for the incurrence of any capital expenditure in excess of \$15,000;

(xvi) advertising, publication or printing agreement;

(xvii) agreement which restricts the Company from doing business anywhere in the world;

(xviii) agreement or statute or regulation giving any party the right to renegotiate or require a reduction in prices or the repayment of any amount previously paid; or

(xix) other agreement or contract, not included in or expressly excluded from the terms of the foregoing clauses (i) through (xix), materially affecting the Company or its business, except contracts or purchase orders for the purchase or sale of goods or services made in the usual and ordinary course of business.

(b) Each of the items listed on Schedule 2.14 (collectively, the "**Commitments**"), other than that certain CWS Technology Licensing and Transfer Agreement to MWT, is valid, in full force and effect and (to the best knowledge of Company) enforceable in accordance with its terms and, except as set forth on Schedule 2.14, the Company has fulfilled, or has taken all action reasonably necessary to enable it to fulfill when due, all of its obligations under the Commitments, except where the failure to do so would not, individually or in the aggregate, have a material adverse effect on the Condition of the Company. Furthermore, to the knowledge of the Company, there has not occurred any default or any event which, with the lapse of time or the election of any person other than the Company, will become a default under any of the Commitments, except for such defaults, if any, which (A) have not resulted and will not result in any material loss to or liability of the Company or any of their respective successors or assigns or (B) have been indicated on Schedule 2.14. The Company is not in arrears in any material respect with respect to the performance or satisfaction of the terms or conditions to be performed or satisfied by them under any of the Commitments and to the Company's best knowledge, no waiver or variance has been granted by any of the parties thereto.

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(c) Except as set forth on Schedule 2.14, none of the Commitments requires the consent of the other parties thereto as a result of the transactions contemplated hereby and, with respect to any of the Commitments which do require the consent of the other parties thereto as a result of the transactions contemplated by this Agreement, the Company will provide APII with copies of such consents between the date hereof and the Closing.

2.15 Employees. The Company has complied in all material respects with all laws relating to the employment of labor, and the Company has not encountered any material labor union difficulties. Other than pursuant to ordinary arrangements of employment compensation, the Company is not under any obligation and does not have any liability to any officer, director or employee.

2.16 Tax Returns and Audits. All required Federal, state, local and foreign Tax Returns (as defined in Article X hereof) of the Company have been accurately prepared and duly and timely filed (taking into account all available extensions), and all Taxes (as defined in Article X hereof) required to be paid with respect to the periods covered by such returns have been paid. The Company is not and has not been delinquent in the payment of any Tax. The Company has not had a Tax deficiency proposed or assessed against it and has not executed any waiver of any statute of limitations on the assessment or collection of any Tax. None of the Company's tax returns has been audited by any governmental authority. The reserves for Taxes reflected on the Balance Sheet are and will be sufficient for the payment of all unpaid Taxes payable by the Company as of the Balance Sheet Date. Since the Balance Sheet Date, the Company has made adequate provisions on its books of account for all Taxes with respect to its business, properties and operations for such period. The Company has withheld or collected from each payment made to each of its employees the amount of all taxes required to be withheld or collected therefrom, and has paid the same to the proper Tax receiving officers or authorized depositories. There are no Federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns of the Company now pending, and the Company has not received any notice of any proposed audits, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns. The Company has not agreed and is not required to make any adjustments by reason of a change in accounting method or otherwise for any Tax period for which the applicable statute of limitations has not yet expired. The Company: (i) is not a party to, or bound by and does not have any obligation under, any Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement, whether written or unwritten (collectively, "**Tax Sharing Agreements**"), or (ii) has any potential liability or obligation to any person as a result of, or pursuant to, any such Tax Sharing Agreements.

2.17 Intellectual Property. Schedule 2.17 (a) hereto contains a true and complete list of: (i) all trademarks, trade names, service marks, copyrights and patents owned by the Company; (ii) all applications filed by the Company for or with respect to any of the items listed in (i); (iii) all marketable title in, or licenses or other rights to use, any patents, trademarks, service marks, tradenames, copyrights, proprietary technology, software or other intellectual property to which any of the Company holds or is a party (whether as licensor or licensee), as applicable; and (iv) all other proprietary technology and intellectual property developed by the Company or used in its business (collectively, the "**Intellectual Property**"). Each of the registered trademarks, trade names, service marks, copyrights and patents listed in Schedule

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2.17(a) has been validly issued and, except as set forth on Schedule 2.17(b), is owned by the Company free and clear of all liens, claims and encumbrances, except Permitted Liens (as defined in Article X hereof) and such ordinary and customary imperfections of title, restrictions and encumbrances as do not, individually or in the aggregate, materially detract from the value of the property or assets or materially impair the use made thereof by the Company in its business. Except as set forth on Schedule 2.17(b), to the best knowledge of Company, the Company has the exclusive rights to use all such trademarks, trade names, service marks, copyrights and patents. None of the Intellectual Property is subject to legal challenge by any third party and the Company is not aware of any fact or circumstance which would form the basis for such a legal challenge. Except as set forth on Schedule 2.17(c), there is no pending or, to the Company's best knowledge, threatened claim, and the Company is not aware of any fact or circumstance which would form the basis for any claim, that the Company's use or intended use of the Intellectual Property has, does or would infringe any patent, trademark, trade name, service mark, trade secret, know-how or other proprietary right of any other person or entity. The Company has duly maintained all its rights in all of the Intellectual Property; and the Company is not aware of any infringement, or any fact or circumstance which would form the basis for any claim for infringement, of any of the Intellectual Property. The Intellectual Property constitutes all of the proprietary property and rights necessary for the conduct of the Company's business as presently conducted and as proposed to be conducted.

2.18 Employee Benefit Plans; ERISA. There are no "employee benefit plans" (within the meaning of Section 3(3) of the ERISA) nor any other employee benefit or fringe benefit arrangements, practices, contracts, policies or programs of every type other than programs merely involving the regular payment of wages, commissions, or bonuses established, maintained or contributed to by the Company, whether written or unwritten and whether or not funded.

2.19 Title to Property and Encumbrances. Except as set forth on Schedule 2.19, the Company has good, valid and indefeasible marketable title to any and all properties and assets used in the conduct of its business (except for property held under valid and subsisting leases which are in full force and effect and which are not in default) free of all Liens and other encumbrances, except Permitted Liens (as defined in Article X hereof) and such ordinary and customary imperfections of title, restrictions and encumbrances as do not, individually or in the aggregate, materially detract from the value of the property or assets or materially impair the use made thereof by the Company in its business. Without limiting the generality of the foregoing, the Company has good and indefeasible title to all of its properties and assets reflected in the Balance Sheet, except for property disposed of in the usual and ordinary course of business since the Balance Sheet Date and for property held under valid and subsisting leases which are in full force and effect and which are not in default.

2.20 Condition of Properties. All facilities, machinery, equipment, fixtures and other properties owned, leased or used by the Company are in reasonably good operating condition and repair, subject to ordinary wear and tear, and are adequate and sufficient for the conduct of the Company's business.

2.21 Insurance Coverage. There is in full force and effect one or more policies of insurance issued by insurers of recognized responsibility, insuring the Company and its

respective properties, products and business against such losses and risks, and in such amounts, as are customary for corporations of established reputation engaged in the same or similar businesses and similarly situated. The Company has not been refused any insurance coverage sought or applied for, and the Company has no reason to believe that it will be unable to renew its existing insurance coverage as and when the same shall expire upon terms at least as favorable to those currently in effect, other than possible increases in premiums that do not result from any act or omission of the Company. No suit, proceeding or action or, to the Company's best knowledge, threat of suit, proceeding or action has been asserted or made against the Company within the last five years due to alleged bodily injury, disease, medical condition, death or property damage arising out of the function or malfunction of a product, procedure or service designed, manufactured, sold or distributed by the Company.

2.22 Litigation. Except as set forth on Schedule 2.22 hereof, there is no legal action, suit, arbitration or other legal, administrative or governmental proceeding pending or, to the Company's best knowledge, threatened against or affecting the Company or any of its respective properties, assets or business and, after reasonable investigation, the Company is not aware of any incident, transaction, occurrence, fact or circumstance that might reasonably be expected to result in or form the basis for any such action, suit, arbitration or other proceeding. The Company is not in default with respect to any order, writ, judgment, injunction, decree, determination or award of any court or any governmental agency or instrumentality or arbitration authority.

2.23 Compliance with Laws; Licenses, Approvals and Other Authorizations. Schedule 2.23 lists all licenses, permits, registrations, orders, memberships, approvals and other authorizations required for the conduct of the Company's business. To the Company's best knowledge, the Company has complied and is currently in compliance in all material respects with all applicable laws, ordinances, rules, regulations and orders (including, without limitation, those issued by any self-regulatory organization or administrative agency), with which failure to comply would adversely affect the Condition of the Company. The Company has filed all applications, reports and statements, together with any amendments required to be made with respect thereto, required to be filed with any governmental or regulatory authority, securities exchange or self-regulatory organization or any agency having jurisdiction over the Company or its business or operations. Each license, permit, registration, order, membership, approval and other authorization which is required to carry on the Company's business as presently conducted has been duly obtained and is in full force and effect and the Company is not aware of any fact or circumstance which would result in the suspension, limitation, termination or revocation of any of such license, permit, registration, order, membership, approval or authorization.

2.24 Interested Party Transactions. Except as set forth on Schedule 2.24 hereto, no officer, director or stockholder of the Company or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any such Person or the Company has or has had, either directly or indirectly, (a) an interest in any Person that (i) furnishes, sells or licenses services, products or technology that are furnished or sold or are proposed to be furnished or sold by the Company or (ii) purchases from or sells, furnishes or licenses to the Company any goods, services or technology, or (b) a beneficial interest in any contract or agreement to which the Company is a party or by which it may be bound or affected.

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2.25 Environmental Matters.

(a) To the Company's best knowledge, the Company has never generated, used, handled, treated, released, stored or disposed of any Hazardous Materials (as defined in Article X hereof) on any real property on which it now has or previously had any leasehold or ownership interest, except in compliance with all applicable Environmental Laws (as defined in Article X hereof).

(b) To the Company's best knowledge, the historical and present operations of the Company's business are in compliance with all applicable Environmental Laws, except where any non-compliance has not had and would not reasonably be expected to have a material adverse effect on the Condition of the Company.

(c) There are no material pending or, to the Company's best knowledge, threatened, demands, claims, information requests or notices of noncompliance or violation against or to the Company relating to any Environmental Law and there are no conditions or occurrences on any of the real property used by the Company in connection with its business that would reasonably be expected to lead to any such demands, claims or notices against or to the Company, except such as have not had, and would not reasonably be expected to have, a material adverse effect on the Condition of the Company.

(d) To the Company's best knowledge: (i) the Company has not sent or disposed of, otherwise had taken or transported, arranged for the taking or disposal of (on behalf of itself, a customer or any other party) or in any other manner participated or been involved in the taking of or disposal or release of a Hazardous Material to or at a site that is contaminated by any Hazardous Material or that, pursuant to any Environmental Law, is subject to or the source of a claim, an administrative order or other request to take "removal", "remedial", "corrective" or any other "response" action, as defined in any Environmental Law, or to pay for the costs of any such action at the site; (ii) the Company is not involved in (nor has it any basis to reasonably expect to be involved in) any suit or proceeding and the Company has not received (nor has it any basis to reasonably expect to receive) any notice, request for information or other communication from any governmental authority or other third party with respect to a release or threatened release of any Hazardous Material or a violation or alleged violation of any Environmental Law, and the Company has not received (nor has it any basis to reasonably expect to receive) notice of any claims from any Person relating to property damage, natural resource damage or to personal injuries from exposure to any Hazardous Material; and (iii) the Company has timely filed every report required to be filed, acquired all necessary certificates, approvals and permits, and generated and maintained all required data, documentation and records under all Environmental Laws, in all such instances except where the failure to do so would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Condition of the Company.

2.26 Questionable Payments. Neither any Company nor any director, officer or, to the best knowledge of the Company, agent, employee or other Person associated with or acting on behalf of any of the Company, has used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, made any direct or indirect unlawful payments to government officials or employees from corporate funds, established or maintained any unlawful or unrecorded fund of corporate monies or other

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assets, made any false or fictitious entries on the books of record of any such corporations or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

2.27 Obligations to or by Stockholders. Except as set forth on Schedule 2.27, the Company does not have any liability or obligation or commitment to any Stockholder or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of the Company or any Stockholder, nor does any Stockholder or any such Affiliate or associate have any liability, obligation or commitment to any of the Company.

2.28 Consents. Schedule 2.28 contains a true and complete list of (i) all consents, approvals, orders, authorizations of, and registrations, qualifications, designations, declarations, and filings with, any governmental authority and (ii) all consents, waivers and approvals of third parties required to be made or obtained by the Company in connection with the consummation of the Merger (collectively, the "Consents"). All of the Consents shall be obtained prior to, and shall be effective as of, the Closing.

2.29 Books and Records. The books of account and other financial and corporate records of the Company are in all material respects complete, correct and up to date, with all necessary signatures, and are in all material respects accurately reflected in the Company's Financial Statements.

2.30 Accounts Receivable. All accounts receivable of the Company arose from bona fide transactions made in the ordinary course of business and represent services rendered or products sold in the ordinary course of business. All such accounts receivable are fairly presented and are the result of arms-length transactions with third parties. The collectability of the accounts receivable will not be impaired by any statute of limitations, right of set-off, counterclaim or defense.

2.31 Inventory. All of the Company's inventory, including its software, consists of items of a quality usable, marketable or saleable in the ordinary course of business.

2.32 Duty to Make Inquiry. To the extent that any of the representations or warranties in this Article II are qualified by "knowledge" or "belief," the Company represents and warrants that it has made due and reasonable inquiry and investigation concerning the matters to which such representations and warranties relate, including, but not limited to, diligent inquiry of its directors, officers and key personnel.

2.33 Disclosure. There is no fact relating to the Company that the Company has not disclosed to APII in writing which has had or is currently having a material and adverse effect or, insofar as the Company can now foresee, will materially and adversely affect, the Condition of the Company. No representation or warranty by the Company herein and no information disclosed in the Schedules or Exhibits hereto by the Company contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF APII AND MERGER CORP.

APII and Merger Corp. jointly and severally represent and warrant to the Company as follows. Notwithstanding anything to the contrary contained herein, disclosure of items in the APII SEC Documents (as defined below) shall be deemed to be disclosure of such items for all purposes under this Agreement, including, without limitation, for applicable representations and warranties of APII or Merger Corp.:

3.1 Organization and Standing. APII is a corporation duly organized and existing in good standing under the laws of the State of Florida. APII is delivering herewith to the Company complete and correct copies of its Articles of Incorporation and By-laws as now in effect. APII has full corporate power and authority to carry on its business as it is now being conducted and as now proposed to be conducted and to own or lease its properties and assets. Except for Merger Corp. and Northeast Expedite Logistics, LLC, a Delaware limited liability company and a wholly-owned subsidiary of APII ("NEEL"), APII does not have any subsidiaries or any direct or indirect interest (by way of stock ownership or otherwise) in any firm, corporation, limited liability company, partnership, association or business. APII owns all of the issued and outstanding capital stock of Merger Corp. and all of the outstanding equity of NEEL, free and clear of all Liens, and there are no outstanding options, warrants or rights to purchase capital stock or other equity securities of Merger Corp. or NEEL. Unless the context otherwise requires, all references in this Article III to "APII" shall be treated as being a reference to APII, Merger Corp. and NEEL taken together as one enterprise. APII is qualified to conduct business as a foreign corporation and is in good standing in each jurisdiction wherein the nature of its activities or its properties owned or leased makes such qualification necessary.

3.2 Corporate Authority. Each of APII and Merger Corp. has full corporate power and authority to enter into and perform this Agreement and to carry out the transactions contemplated hereby. All corporate acts and proceedings required for the authorization, execution, delivery and performance of this Agreement and all other agreements and documents to be executed and delivered by APII and Merger Corp. hereunder have been duly and validly taken or will have been so taken prior to the Closing. Each of such agreements and documents constitutes the legal, valid and binding obligation of APII or Merger Corp., as the case may be, enforceable against APII or Merger Corp. in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity.

3.3 Broker's and Finder's Fees. Except as set forth on Schedule 3.3, no person, firm, corporation or other entity is entitled by reason of any act or omission of APII or Merger Corp. to any broker's or finder's fees, commission or other similar compensation with respect to the execution and delivery of this Agreement or with respect to the consummation of the transactions contemplated hereby. APII and Merger Corp. agree to jointly and severally indemnify and hold the Company harmless from and against any and all loss, claim or liability arising out of any such claim from any third Person claiming to have introduced APII or Merger Corp. to the Company or to have assisted them with the transactions contemplated by or described herein.

3.4 Capitalization.

(a) The authorized capital stock of APII consists of 150,000,000 shares of common stock, par value \$.001 per share (the "**APII Common Stock**"), of which not more than 29,665,761 shares will be issued and outstanding at the Closing, and 50,000,000 shares of preferred stock, par value \$.001 per share (the "**APII Preferred Stock**"), of which not more than 5,253,547 shares will be issued and outstanding at the Closing. Except as set forth on Schedule 3.4(a) hereto, APII has no outstanding options, rights or commitments to issue shares of APII Common Stock or APII Preferred Stock or any other Equity Security of APII and there are no outstanding securities convertible or exercisable into or exchangeable for shares of APII Common Stock or APII Preferred Stock. There is no voting trust, agreement or arrangement among any of the beneficial holders of APII Common Stock or APII Preferred Stock affecting the nomination or election of directors or the exercise of the voting rights of APII Common Stock or APII Preferred Stock. All outstanding shares of the capital stock of APII have been duly and validly issued and are fully paid and non-assessable and none of such shares has been issued in violation of the preemptive rights of any person.

(b) The authorized capital stock of Merger Corp. consists of 25,000,000 shares of common stock, par value \$.001 per share (the "**Merger Corp. Common Stock**"), of which not more than 100 shares will be issued and outstanding at the Closing, and 10,000,000 shares of preferred stock, par value \$.001 per share (the "**Merger Corp. Preferred Stock**"), none of which will be issued and outstanding at the closing. Merger Corp. has no outstanding options, rights or commitments to issue shares of Merger Corp. Common Stock, Merger Corp. Preferred Stock or any other Equity Security of Merger Corp. and there are no outstanding securities convertible or exercisable into or exchangeable for shares of Merger Corp. Common Stock or Merger Corp. Preferred Stock. There is no voting trust, agreement or arrangement among any of the beneficial holders of Merger Corp. Common Stock or Merger Corp. Preferred Stock affecting the nomination or election of directors or the exercise of the voting rights of Merger Corp. Common Stock or Merger Corp. Preferred Stock. All outstanding shares of the capital stock of Merger Corp. have been duly and validly issued and are fully paid and non-assessable and none of such shares has been issued in violation of the preemptive rights of any person.

3.5 Validity of Shares. The shares of APII Common Stock and APII Preferred Stock to be issued to the Stockholders at the Closing, when issued and delivered in accordance with the terms hereof, shall be duly and validly issued, fully paid and non-assessable. Based in part on the representations and warranties of the Principals set forth in Article IV hereof, and assuming the accuracy thereof, the issuance of the APII Common Stock and APII Preferred Stock upon the consummation of the Merger will be (i) exempt from the registration requirements of the Securities Act, (ii) exempt from registration or qualification under applicable securities or similar laws of APII's jurisdiction of organization, and (iii) accomplished in conformity with all other applicable securities laws.

3.6 SEC Reporting and Compliance.

(a) On May 1, 2009, APII filed a Form 15 with the SEC terminating its registration under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and, since June 30, 2009, APII has not been subject to the reporting requirements of the Exchange Act. DWT

(b) APII has made available to the Company true and complete copies of the registration statements, information statements and other reports (collectively, the "**APII SEC Documents**") filed by APII with the SEC. To the knowledge of APII, none of the APII SEC Documents, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein not misleading.

(c) Prior to and until the Closing, APII will provide to the Company copies of any and all amendments or supplements to the APII SEC Documents filed with the SEC and all subsequent registration statements and reports filed by APII subsequent to the filing of the APII SEC Documents with the SEC and any and all subsequent information statements, proxy statements, reports or notices filed by APII with the SEC or delivered to the stockholders of APII.

(d) APII is not an investment Company within the meaning of Section 3 of the United States Investment Company Act of 1940, as amended.

3.7 Financial Statements. The Company has previously been provided with an unaudited balance sheet (the "**APII/Merger Co. Balance Sheet**") as of December 31, 2011 (the "**APII Balance Sheet Date**"), and the unaudited statements of operations and accumulated deficits and cash flows of each of APII and Merger Corp. for the year ended December 31, 2011 (together with the APII/Merger Co. Balance Sheet, the "**APII Financial Statements**"). Such APII Financial Statements (i) are in accordance with the books and records of the Company, (ii) present fairly in all material respects the financial condition of the Company at the dates therein specified and the results of their operations and changes in financial positions for the periods therein specified and (iii) have been prepared in accordance with generally accepted accounting principles ("**GAAP**") applied on a basis consistent with prior accounting periods.

3.8 Compliance with Laws and Other Instruments. The business, products and operations of APII and Merger Corp. have been and are being conducted in compliance in all material respects with all applicable laws, rules and regulations. The execution, delivery and performance by each of APII and Merger Corp. of this Agreement and the other agreements to be made by APII and Merger Corp. pursuant to or in connection with this Agreement and the consummation by APII and Merger Corp. of the transactions contemplated hereby will not require any authorization, consent or approval of, or filing or registration with, any court or governmental agency or instrumentality, except such as shall have been obtained prior to the Closing and will not cause APII or Merger Corp. to violate or contravene (i) any applicable provision of law, (ii) any rule or regulation of any agency or government, (iii) any order, judgment or decree of any court, or (v) any provision of its charter or By-laws as amended and in effect on and as of the Closing Date and will not violate or be in conflict with, result in a breach of or constitute (with or without notice or lapse of time, or both) a default under any material indenture, loan or credit agreement, deed of trust, mortgage, security agreement or other agreement or contract to which APII or Merger Corp. is a party or by which APII, Merger Corp. or any of their respective assets or properties is bound. Neither APII nor Merger Corp. in violation of, or (with or without notice or lapse of time, or both) in default under, any term or provision of its organization documents or of any indenture, loan or credit agreement, deed of trust, mortgage, security agreement or any other material agreement or instrument to which it is a party or by which any of its assets or

properties is bound or affected. To the best knowledge of APII and Merger Corp., the historical and present operations of APII and Merger Corp. have been in compliance with all Environmental Laws.

3.9 No General Solicitation. In issuing the APII Common Stock and the APII Preferred Stock in the Merger hereunder, neither APII nor anyone acting on its behalf has offered to sell the APII Common Stock or APII Preferred Stock by any form of general solicitation or advertising.

3.10 Absence of Undisclosed Liabilities. Other than as set forth on Schedule 3.10 hereto, neither APII, Merger Corp. nor NEEL has any material obligation or liability (whether accrued, absolute, contingent, liquidated or otherwise, whether due or to become due), arising out of any transaction entered into at or prior to the Closing, except: (i) as disclosed in the APII SEC Documents; (ii) to the extent set forth on or reserved against in the APII/Merger Co. Balance Sheet or in the notes to the APII Financial Statements; (iii) current liabilities incurred and obligations under agreements entered into in the usual and ordinary course of business since the dates of the APII/Merger Corp. Balance Sheet, none of which (individually or in the aggregate) materially and adversely affects the condition (financial or otherwise), properties, assets, liabilities, business operations, results of operations or prospects of APII or Merger Corp. (the "**Condition of APII**"), and (iv) by the specific terms of any written agreement, document or arrangement attached as an exhibit to the APII SEC Documents.

3.11 Changes. Since the APII Balance Sheet Date, except as disclosed in the APII SEC Documents or on Schedule 3.11 hereto, neither APII, Merger Corp. nor NEEL has: (i) incurred any debts, obligations or liabilities, absolute, accrued or, to APII's or Merger Corp's knowledge, contingent, whether due or to become due, except for current liabilities incurred in the usual and ordinary course of business; (ii) discharged or satisfied any Liens other than those securing, or paid any obligation or liability other than, current liabilities shown on the APII/Merger Corp. Balance Sheet and current liabilities incurred since the APII Balance Sheet Date, in each case in the usual and ordinary course of business; (iii) mortgaged, pledged or subjected to Lien any of its assets, tangible or intangible, other than in the usual and ordinary course of business; (iv) sold, transferred or leased any of its assets, except in the usual and ordinary course of business; (v) cancelled or compromised any debt or claim, or waived or released any right of material value; (vi) suffered any physical damage, destruction or loss (whether or not covered by insurance) which could reasonably be expected to have a material adverse effect on the Condition of APII or Merger Corp.; (vii) entered into any transaction other than in the usual and ordinary course of business; (viii) encountered any labor union difficulties; (ix) made or granted any wage or salary increase or made any increase in the amounts payable under any profit sharing, bonus, deferred compensation, severance pay, insurance, pension, retirement or other employee benefit plan, agreement or arrangement, other than in the ordinary course of business consistent with past practice, or entered into any employment agreement; (x) issued or sold any shares of capital stock, bonds, notes, debentures or other securities or granted any options (including employee stock options), warrants or other rights with respect thereto; (xi) declared or paid any dividends on or made any other distributions with respect to, or purchased or redeemed, any of its outstanding capital stock; (xii) suffered or experienced any change in, or condition affecting, the financial condition of APII or Merger Corp. other than changes, events or conditions in the usual and ordinary course of its business, none of which (either by itself or in

conjunction with all such other changes, events and conditions) could reasonably be expected to have a material adverse effect on the Condition of APII or Merger Corp.; (xiii) made any change in the accounting principles, methods or practices followed by it or depreciation or amortization policies or rates theretofore adopted; (xiv) made or permitted any amendment or termination of any material contract, agreement or license to which it is a party; (xv) suffered any material loss not reflected in the APII/Merger Corp. Balance Sheet or on the APII or Merger Corp. statement of income for the year ended on the APII Balance Sheet Date; (xvi) paid, or made any accrual or arrangement for payment of, bonuses or special compensation of any kind or any severance or termination pay to any present or former officer, director, employee, stockholder or consultant; (xvii) made or agreed to make any charitable contributions or incurred any non-business expenses in excess of \$5,000 in the aggregate; or (xviii) entered into any agreement, or otherwise obligated itself, to do any of the foregoing.

3.12 Tax Returns and Audits. Except as set forth on Schedule 3.12, all required Federal, state and local Tax Returns of each of APII and Merger Corp. have been accurately prepared in all material respects and duly and timely filed, and all Federal, state and local Taxes required to be paid with respect to the periods covered by such returns have been paid to the extent that the same are material and have become due, except where the failure so to file or pay could not reasonably be expected to have a material adverse effect upon the Condition of APII or Merger Corp. Except as set forth on Schedule 3.12 hereto, neither APII nor Merger Corp. has been delinquent in the payment of any Tax. Except as set forth on Schedule 3.12 hereto, neither APII nor Merger Corp. has had a Tax deficiency assessed against it and none of APII's or Merger Corp's Federal income tax returns nor any state or local income or franchise tax returns has been audited by governmental authorities. The reserves for Taxes reflected on the APII/Merger Corp. Balance Sheet, respectively, are sufficient for the payment of all unpaid Taxes payable by APII and Merger Corp. with respect to the period ended on the APII Balance Sheet Date. There are no Federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns of APII or Merger Corp. now pending, and neither APII nor Merger Corp. has received any notice of any proposed audits, investigations, claims or administrative proceedings relating to Taxes or any Tax Returns.

3.13 Employee Benefit Plans; ERISA. Neither APII nor Merger Corp. has any "employee benefit plans" (within the meaning of Section 3(3) of ERISA) nor any other employee benefit or fringe benefit arrangements, practices, contracts, policies or programs other than programs merely involving the regular payment of wages, commissions, or bonuses established, maintained or contributed to by APII or Merger Corp..

3.14 Litigation. Except as set forth on Schedule 3.14, there is no legal action, suit, arbitration or other legal, administrative or other governmental proceeding pending or, to the knowledge of APII or Merger Corp., threatened against or affecting APII or Merger Corp. or any of their respective properties, assets or businesses. To the knowledge of APII and Merger Corp., neither APII nor Merger Corp. is in default with respect to any order, writ, judgment, injunction, decree, determination or award of any court or any governmental agency or instrumentality or arbitration authority.


3.15 Interested Party Transactions. Except as disclosed in the APII SEC Documents or as set forth on Schedule 3.15, no officer, director or stockholder of APII or any

Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of any such Person or APII has or has had, either directly or indirectly, (i) an interest in any Person that (A) furnishes or sells services or products that are furnished or sold or are proposed to be furnished or sold by APII or Merger Corp. or (B) purchases from or sells or furnishes to APII or Merger Corp. any goods or services or (ii) a beneficial interest in any contract or agreement to which APII or Merger Corp. is a party or by which either of them may be bound or affected.

3.16 Questionable Payments. Neither APII, nor Merger Corp. nor, to APII's and Merger Corp's knowledge, any director, officer, agent, employee or other Person associated with or acting on behalf of APII or Merger Corp., has used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payments to government officials or employees from corporate funds; established or maintained any unlawful or unrecorded fund of corporate monies or other assets; made any false or fictitious entries on the books of record of any such corporations; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

3.17 Obligations to or by Stockholders. Except as disclosed in the APII SEC Documents or as set forth on Schedule 3.17, neither APII nor Merge Corp. has any liability or obligation or commitment to any stockholder of APII or any Affiliate or "associate" (as such term is defined in Rule 405 under the Securities Act) of APII or any stockholder of APII, nor does any stockholder of APII or any such Affiliate or associate have any liability, obligation or commitment to APII.

3.18 Assets and Contracts. Except as expressly set forth in this Agreement, the APII/Merger Corp. Balance Sheet or the notes thereto or the APII SEC Documents, neither APII nor Merger Corp. is a party to any written or oral agreement not made in the ordinary course of business that is material to APII or Merge Corp. Except as set forth on Schedule 3.18, neither APII nor Merger Corp. owns any real property. Except as expressly set forth in this Agreement, the APII/Merger Corp. Balance Sheet or the notes thereto, or the APII SEC Documents, neither APII nor Merger Corp. is a party to or otherwise bound by any written or oral: (i) agreement with any labor union; (ii) agreement for the purchase of fixed assets or for the purchase of materials, supplies or equipment in excess of normal operating requirements; (iii) agreement for the employment of any officer, individual employee or other Person on a full-time basis or any agreement with any Person for consulting services; (iv) bonus, pension, profit sharing, retirement, stock purchase, stock option, deferred compensation, medical, hospitalization or life insurance or similar plan, contract or understanding with respect to any or all of the employees of APII, Merger Corp. or any other Person; (v) indenture, loan or credit agreement, note agreement, deed of trust, mortgage, security agreement, promissory note or other agreement or instrument relating to or evidencing Indebtedness for Borrowed Money or subjecting any asset or property of APII or Merger Corp. to any Lien or evidencing any Indebtedness; (vi) guaranty of any Indebtedness; (vii) lease or agreement under which APII or Merger Corp. is lessee of or holds or operates any property, real or personal, owned by any other Person; (viii) lease or agreement under which APII or Merger Corp. is lessor or permits any Person to hold or operate any property, real or personal, owned or controlled by APII or Merger Corp.; (ix) agreement granting any preemptive right, right of first refusal or similar right to any Person; (x) agreement or arrangement with any Affiliate or any "associate" (as such term is defined in Rule 405 under the Securities Act) of APII or any



present or former officer, director or stockholder of APII; (xi) agreement obligating APII or Merger Corp. to pay any royalty or similar charge for the use or exploitation of any tangible or intangible property; (xii) covenant not to compete or other restriction on its ability to conduct a business or engage in any other activity; (xiii) distributor, dealer, manufacturer's representative, sales agency, franchise or advertising contract or commitment; (xiv) agreement to register securities under the Securities Act; (xv) collective bargaining agreement; or (xvi) agreement or other commitment or arrangement with any Person continuing for a period of more than three months from the Closing Date that involves an expenditure or receipt by APII or Merger Corp. in excess of \$20,000. Neither APII nor Merger Corp. maintains any insurance policies or insurance coverage of any kind with respect to APII, Merger Corp. or any of their respective businesses, premises, properties, assets, employees and agents. No consent of any bank or other depository is required to maintain any bank account, other deposit relationship or safety deposit box of APII or Merger Corp. in effect following the consummation of the Merger and the transactions contemplated hereby. Schedule 3.18 sets forth a list of all tangible personal property owned or leased by APII or Merger Corp. having a current cost or Fair Market Value of greater than \$10,000. All leases and contracts referenced above are valid and enforceable in accordance with their terms, and there is not, under any such contract or lease, any existing default or event of default or event, fact or circumstance which, with notice or lapse of time or both, would constitute a default thereunder.

3.19 Employees. Other than pursuant to ordinary arrangements of employment compensation, neither APII nor Merger Corp. is under any obligation or liability to any officer, director, employee or Affiliate of APII or Merger Corp. Except as set forth on Schedule 3.19, there are no employment contracts to which APII, NEEL or Merger Corp. is a party that are not terminable without penalty.

3.20 Disclosure. There is no fact relating to APII or Merger Corp. that APII and Merger Corp. have not disclosed to the Company in writing that materially and adversely affects nor, insofar as APII and Merger Corp. can now foresee, will materially and adversely affect the condition (financial or otherwise), properties, assets, liabilities, business operations, results of operations or prospects of APII or Merger Corp. No representation or warranty by APII or Merger Corp. herein and no information disclosed in the Schedules or Exhibits hereto by APII and Merger Corp. contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

3.21 Indebtedness. Schedule 3.21 hereto contains a true and complete list of all outstanding indebtedness of the Company and NEEL. Except as set forth on Schedule 3.21, the Company and NEEL are current in the payment of all amounts due and owing under such indebtedness and all of such indebtedness is properly reflected in the Company's consolidated balance sheet.

3.22 Books and Records. The books of account and other financial and corporate records of APII and Merger Corp. are in all material respects complete, correct and up to date, with all necessary signatures, and are in all material respects accurately reflected in the APII Financial Statements.

3.23 Duty to Make Inquiry. To the extent that any of the representations or warranties in this Article III are qualified by "knowledge" or "belief," APII and Merger Corp. represent and warrant that they have made due and reasonable inquiry and investigation concerning the matters to which such representations and warranties relate, including, but not limited to, diligent inquiry of their directors, officers and key personnel.

ARTICLE IV

ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY AND THE SHARE RECIPIENTS

The Company and each of the Share Recipients (defined below) hereby represents and warrants to APII and Merger Corp. as follows:

4.1 Restricted Stock. This Agreement is made with APII and Merger Corp. in reliance upon the Company's representations to APII which the Company, by its execution of this Agreement, hereby confirms, for itself and on behalf of its designees to whom shares of APII Common Stock may be issued hereunder (such designees being herein referred to together with the Principals as, the "**Share Recipients**") that the shares of APII Common Stock and APII Preferred Stock to be received by the Share Recipients as consideration hereunder will be acquired for investment for such Share Recipients' own accounts, not as a nominee or agents, and not with a view to the resale or distribution of all or any part thereof, and that no Share Recipient has any present intention of selling, granting any participation in, or otherwise distributing any of the Shares. By executing this Agreement, the Company further represents, for itself and on behalf of the Share Recipients, that no Share Recipient has any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of such shares of APII Common Stock or APII Preferred Stock.

4.2 Reliance upon the Company's Representations. The Company understands that the shares of APII Common Stock and APII Preferred Stock to be issued to it and the Share Recipients hereunder are not and will not be registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of the Shares hereunder is exempt from registration under the Securities Act pursuant to section 4(2) thereof, and that APII's reliance on such exemption is based in part on the Company's representations set forth herein; and the Company acknowledges and agrees that the basis for such exemption may not be present if, notwithstanding such representations, any Share Recipient has in mind merely acquiring such shares for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. No Share Recipient has any such intention.

4.3 Receipt of Information. The Company acknowledges that it and the Share Recipients have received all the information they consider necessary or appropriate for deciding whether to acquire the shares of APII Common Stock and APII Preferred Stock hereunder. The

Company further represents that it and each Share Recipient have had an opportunity to ask questions and receive answers from APII regarding the terms and conditions of the offering of the shares of APII Common Stock and APII Preferred Stock and the business, properties, prospects and financial condition of APII and Merger Corp. and to obtain additional information (to the extent that APII or Merger Corp. possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access.


4.4 Investment Experience. Each Share Recipient is experienced in evaluating and investing in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the APII Common Stock and APII Preferred Stock. No Share Recipient is an entity organized for the purpose of acquiring the shares of APII Common Stock or APII Preferred Stock.

4.5 Accredited Investor. Except as otherwise disclosed to APII in writing prior to the execution hereof, each Share Recipient is an "**Accredited Investor**" (as defined in Rule 501 of Regulation D under the Securities Act).

4.6 Restricted Securities. Each Share Recipient understands that the shares of APII Common Stock and APII Preferred Stock to be issued in the Merger may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering such shares or an available exemption from registration under the Securities Act, such shares must be held indefinitely. In particular, each Share Recipient is aware that such shares may not be sold pursuant to Rule "144" under the Securities Act unless all of the conditions of that Rule are met. Among the conditions for use of Rule 144" is the availability of current information to the public about APII.

4.7 Legends: To the extent applicable, each certificate or other document evidencing any of the shares of APII Common Stock and APII Preferred Stock issued in the Merger shall be endorsed with the legend set forth below, and no Share Recipient shall transfer any shares represented by any such certificate without complying with the restrictions on transfer described in the legends endorsed on such certificate:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED AND SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM SUCH REGISTRATION IF THE COMPANY IS PROVIDED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION AND QUALIFICATION UNDER FEDERAL AND STATE SECURITIES LAWS IS NOT REQUIRED."



4.8 Representation by Counsel. The Company and each Share Recipient have been represented by counsel, and have had adequate opportunity to consult with such counsel, in connection with their entering into this Agreement and agreeing to the transactions contemplated hereby.

ARTICLE V

CONDUCT OF THE COMPANY' BUSINESS PENDING THE MERGER

5.1 Conduct of Business by the Company Pending the Merger. Prior to the Closing, unless APII shall otherwise agree in writing or as otherwise contemplated by this Agreement:

(a) the business of the Company shall be conducted only in the ordinary course;

(b) the Company shall not: (i) directly or indirectly redeem, purchase or otherwise acquire or agree to redeem, purchase or otherwise acquire any shares of its outstanding capital stock; (ii) amend its Organizational Documents, except to effectuate the transactions contemplated herein and in the Schedules hereto; or (iii) split, combine or reclassify any of the outstanding Company Stock or declare, set aside or pay any dividend payable in cash, stock or property or make any distribution with respect to any such stock;

(c) the Company shall not: (i) issue or agree to issue any additional shares of, or options, warrants or rights of any kind to acquire any shares of, Company Stock; (ii) acquire or dispose of any fixed assets or acquire or dispose of any other substantial assets other than in the ordinary course of business; (iii) incur additional Indebtedness or any other liabilities or enter into any other transaction other than in the ordinary course of business; (iv) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing; or (v) except as contemplated by this Agreement, enter into any contract, agreement, commitment or arrangement to dissolve, merge, consolidate or enter into any other material business combination;

(d) the Company shall use its best efforts to preserve intact the business organization of the Company, to keep available the service of its present officers and key employees, and to preserve the good will of those having business relationships with it;

(e) except as may be agreed to by APII, the Company will not, nor will they authorize any director or authorize or permit any officer or employee or any attorney, accountant or other representative retained by them to, make, solicit, encourage any inquiries with respect to, or engage in any negotiations concerning, any Acquisition Proposal (as defined below). The Company will promptly advise APII orally and in writing of any such inquiries or proposals (or requests for information) and the substance thereof. As used in this paragraph, "**Acquisition Proposal**" shall mean any proposal for a consolidation or other business

combination involving the Company or for the acquisition of a substantial equity interest in it or any material assets of the Company other than as contemplated by this Agreement. The Company will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore with respect to any of the foregoing; and

(f) the Company will not enter into any new employment agreements with any of their officers or employees or grant any increases in the compensation or benefits of their officers and employees or amend any employee benefit plan or arrangement.

5.2 Conduct of Business by APII and Merger Corp. Pending the Merger.

Prior to the Closing, unless the Company shall otherwise agree in writing or as otherwise contemplated by this Agreement:

(a) APII and Merger Corp. shall conduct their respective businesses in the ordinary course as presently conducted;

(b) neither APII nor Merger Corp. shall: (i) directly or indirectly redeem, purchase or otherwise acquire or agree to redeem, purchase or otherwise acquire any shares of its outstanding capital stock; or (ii) split, combine or reclassify its capital stock or declare, set aside or pay any dividend payable in cash, stock or property or make any distribution with respect to such stock;

(c) except as contemplated in this Agreement or to facilitate the transactions contemplated herein or as may be agreed to by the Company, neither APII nor Merger Corp. shall: (i) issue or agree to issue any options, warrants or rights of any kind (other than convertible preferred stock of APII issued pursuant to presently outstanding obligations of APII) to acquire shares of, its capital stock; (ii) acquire or dispose of any material assets other than in the ordinary course of business; (iii) incur additional Indebtedness or any other liabilities or enter into any other transaction except in the ordinary course of business or as may be agreed to by the Company; (iv) except as contemplated by this Agreement, enter into any contract, agreement, commitment or arrangement to dissolve, merge, consolidate or enter into any negotiations in connection therewith;

(d) except as may be agreed to by the Company, neither APII nor Merger Corp. will, nor will either of them authorize any director or authorize or permit any officer or employee or any attorney, accountant or other representative retained by it to, make, solicit, encourage any inquiries with respect to, or engage in any negotiations concerning, any Acquisition Proposal (as defined below for purposes of this paragraph). APII will promptly advise the Company orally and in writing of any such inquiries or proposals (or requests for information) and the substance thereof. As used in this paragraph, "**Acquisition Proposal**" shall mean any proposal for a consolidation or other business combination involving APII or Merger Corp. or for the acquisition of a substantial equity interest in either of them or any material assets of either of them other than as contemplated by this Agreement. APII will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any person conducted heretofore with respect to any of the foregoing; and

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(e) except as contemplated herein, neither APII nor Merger Corp. will enter into any new employment agreements with any of their officers or employees or grant any increases in the compensation or benefits of their officers and employees.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 Access and Information. The Company, on the one hand, and APII and Merger Corp., on the other hand, shall each afford to the other and to the other's accountants, counsel and other representatives full access during normal business hours throughout the period prior to the Effective Time to all of its properties, books, contracts, commitments and records (including but not limited to tax returns) and during such period, each shall furnish promptly to the other all information concerning its business, properties and personnel as such other party may reasonably request, provided that no investigation pursuant to this Section 6.1 shall affect any representations or warranties made herein. Each party shall hold, and shall cause its employees, agents and representatives to hold, in confidence all such information (other than such information which: (i) was already in such party's possession prior to being supplied pursuant to this Agreement; or (ii) becomes generally available to the public other than as a result of a disclosure by such party or its directors, officers, managers, employees, agents or advisors; or (iii) becomes available to such party on a non-confidential basis from a source other than a party hereto or its advisors or representatives, *provided*, that such source is not known by such party to be bound by a confidentiality agreement with or other obligation of secrecy to a party hereto or another party until such time as such information is otherwise publicly available; *provided, however*, that: (A) any such information may be disclosed to such party's directors, officers, employees and representatives of such party's advisors who need to know such information for the purpose of evaluating the transactions contemplated hereby (it being understood that such directors, officers, employees and representatives shall be informed by such party of the confidential nature of such information); (B) any disclosure of such information may be made as to which the party hereto furnishing such information has consented in writing; and (C) any such information may be disclosed pursuant to a judicial, administrative or governmental order or request; *provided, however*, that the requested party will promptly so notify the other party so that the other party may seek a protective order or appropriate remedy and/or waive compliance with this Agreement and if such protective order or other remedy is not obtained or the other party waives compliance with this provision, the requested party will furnish only that portion of such information which is legally required and will exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the information furnished. If this Agreement is terminated, each party will deliver to the other all documents and other materials (including copies) obtained by such party or on its behalf from the other parties hereto as a result of this Agreement or in connection herewith, whether so obtained before or after the execution hereof.

6.2 Further Assurances. Each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its

commercially reasonable efforts to satisfy the conditions precedent to the obligations of any of the parties hereto, to obtain all necessary waivers, and to lift any injunction or other legal bar to the Merger (and, in such case, to proceed with the Merger as expeditiously as possible). In order to obtain any necessary governmental or regulatory action or non-action, waiver, consent, extension or approval, each of APII, Merger Corp. and the Company agrees to take all reasonable actions and to enter into all reasonable agreements as may be necessary to obtain timely governmental or regulatory approvals and to take such further action in connection therewith as may be necessary. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and/or directors of APII, Merger Corp. and the Company shall take all such necessary action.

6.3 Publicity. No party shall issue any press release or public announcement pertaining to the Merger that has not been agreed upon in advance by APII and the Company, except as APII reasonably determines to be necessary in order to comply with the rules of the SEC or of the principal trading exchange, market or quotation service for APII Common Stock, *provided*, that in such case APII will use its best efforts to allow the Company to review and reasonably approve any such press release or public announcement prior to its release.

6.4 Appointment of Directors and Officers. Immediately upon the Effective Time, APII shall accept the resignations of the current officers and directors of APII and shall cause the persons listed as directors in Exhibit D hereto to be elected to the Board of Directors of APII. At the first annual meeting of APII stockholders and thereafter, the election of members of APII's Board of Directors shall be accomplished in accordance with the By-laws of APII as comprised on the date hereof.

6.5 APII Exchange Listing. As soon as is practicable after the Effective Time, APII shall take all required legal actions to reincorporate in Nevada and to list the APII Common Stock for trading on the OTC Bulletin Board or any other exchange or quotation service deemed by the Board of Directors to be in the best interests of APII.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF PARTIES

7.1 Conditions to Obligations of APII and Merger Corp. The obligations of APII and Merger Corp. under this Agreement and the Articles and Certificate of Merger are subject to the fulfillment at or prior to the Closing of the following conditions, any of which may be waived in whole or in part by APII:

(a) Representations and Warranties True as of Closing. The representations and warranties of the Company under this Agreement shall be deemed to have been made again on the Closing Date and shall then be true and correct in all material respects.

(b) Compliance with Agreement. The Company shall have performed and complied in all material respects all obligations under this Agreement and the other agreements delivered pursuant hereto to be performed or complied with by it on or before the Closing Date.

(c) No Default or Adverse Change. There shall not exist on the Closing Date any Default or Event of Default or any event or condition that, with the giving of notice or lapse of

time, or both, would constitute a Default or Event of Default and, since the Company Balance Sheet Date, there shall have been no material adverse change in the Condition of the Company.

(d) No Restraining Action. No action or proceeding before any court, governmental body or agency shall have been threatened, asserted or instituted to restrain or prohibit, or to obtain substantial damages in respect of, the execution and performance of this Agreement or the Articles and Certificate of Merger or the carrying out of the transactions contemplated thereby.

(e) Closing Deliveries. APII and Merger Corp. shall have received at or before the Closing:

(i) a copy of resolutions of the Board of Directors and the stockholders of the Company, certified by the Secretary of the Company, authorizing and approving the execution, delivery and performance of this Agreement, the Articles and Certificate of Merger, all other documents and instruments to be delivered pursuant thereto and hereto and the transactions contemplated thereby and hereby;

(ii) copies of the Articles of Incorporation of the Company, certified by the Secretary of State of the State of Nevada, and By-laws of the Company, certified by the Secretary of the Company, as being in full force and effect, and a Certificate of Incumbency executed by the Secretary of the Company certifying the names, titles and signatures of the officers authorized to execute any documents referred to in this Agreement;

(iii) evidence as of a recent date of the good standing and corporate existence of the Company issued by the Secretary of State of the State of Nevada and evidence that the Company is qualified to transact business as a foreign corporation and is in good standing in each state of the United States and in each other jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary;

(iv) an Officer's Certificate, executed by the Chief Executive Officer of the Company, certifying as to the Company's performance of and compliance with its obligations hereunder and under the Articles and Certificate of Merger; and

(v) such additional supporting documentation and other information with respect to the transactions contemplated hereby as APII and Merger Corp. may reasonably request.

(f) Proceedings and Documents. All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transactions shall be satisfactory in form and substance to each of APII and Merger Corp. The Company shall furnish to APII such supporting documentation and evidence of satisfaction of any or all of the conditions specified in this Section 7.1 as APII may reasonably request.

(g) Intentionally Omitted.

(h) Completion of Due Diligence Review. APII shall have completed its due diligence review of the Company and the results of such review shall be to APII's satisfaction in its sole discretion. All Schedules and Exhibits shall have completed and approved by APII in its sole discretion and shall, as of the Closing, be attached to this Agreement and herein incorporated and made a part hereof. The Schedules and Exhibits shall be approved in writing by APII on or prior to the Closing Date.

(i) APII may waive, in writing, compliance with any of the conditions precedent specified in this Section 7.1.

7.2 Conditions to the Company's Obligations. The obligations of the Company under this Agreement and the Articles and Certificate of Merger are subject to the fulfillment at or prior to the Closing of the following conditions:

(a) Representations and Warranties True as of Closing. The representations and warranties of APII and Merger Corp. under this Agreement shall be deemed to have been made again on the Closing Date and shall then be true and correct in all material respects.

(b) Compliance with Agreement. Each of APII and Merger Corp. shall have performed and complied in all material respects all obligations under this Agreement and the other agreements delivered pursuant hereto to be performed or complied with by it on or before the Closing Date.

(c) No Default or Adverse Change. There shall not exist on the Closing Date any Default or Event of Default or any event or condition that, with the giving of notice or lapse of time, or both, would constitute a Default or Event of Default and, since the APII Balance Sheet Date, there shall have been no material adverse change in the Condition of APII or Merger Corp.

(d) No Restraining Action. No action or proceeding before any court, governmental body or agency shall have been threatened, asserted or instituted to restrain or prohibit, or to obtain substantial damages in respect of, the execution and performance of this Agreement or the Articles and Certificate of Merger or the carrying out of the transactions contemplated thereby.

(e) Closing Deliveries. The Company shall have received at or before the Closing:

(i) copies of resolutions of the Boards of Directors and stockholders of each of APII and Merger Corp., certified by the Secretaries of APII and Merger Corp., respectively, authorizing and approving the execution, delivery and performance of this Agreement, the Articles and Certificate of Merger, all other documents and instruments to be delivered pursuant thereto and the transactions contemplated thereby;

(ii) copies of the Articles of Incorporation of each of APII and Merger Corp., certified by the Secretaries of State of the State of Florida and the State of

New York, respectively, and the and By-laws of each of APII and Merger Corp., certified by the Secretary of APII and the Secretary of Merger Corp., respectively, as being in full force and effect, and a Certificate of Incumbency executed by the Secretary of each of APII and Merger Corp. certifying the names, titles and signatures of the officers authorized to execute any documents referred to in this Agreement;

(iii) evidence as of a recent date of the good standing and corporate existence of each of APII and Merger Corp. issued by the Secretaries of State of the State of Florida and the State of New York, respectively, and evidence that APII is qualified to transact business as a foreign corporation and is in good standing in each state of the United States and in each other jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary;

(iv) Officer's Certificates, executed by the Chief Executive Officer of APII and the Chief Executive Officer of Merger Corp. respectively, certifying as to APII's and Merger Corp's performance of and compliance with their respective obligations hereunder and under the Articles and Certificate of Merger; and

(v) a certificate of Registrar & Transfer Co., Inc., APII's transfer agent and registrar, certifying, as of the business day prior to the Closing Date, a true and complete list of the total number of shares of APII Common Stock and APII Preferred Stock then outstanding; and

(vi) such additional supporting documentation and other information with respect to the transactions contemplated hereby as the Company may reasonably request.

(f) Proceedings and Documents. All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transactions shall be reasonably satisfactory in form and substance to the Company. APII and Merger Corp. shall furnish to the Company such supporting documentation and evidence of satisfaction of any or all of the conditions specified in this Section 7.2 as the Company may reasonably request.

(g) Completion of Due Diligence Review. The Company shall have completed its due diligence review of APII, Merger Corp. and NEEL and the results of such review shall be to the Company's satisfaction in its sole discretion. All Schedules and Exhibits shall have completed and approved by Company in its sole discretion and shall, as of the Closing, be attached to this Agreement and herein incorporated and made a part hereof. The Schedules and Exhibits shall be approved in writing by Company on or prior to the Closing Date.

(h) The Company may waive compliance with any of the conditions precedent specified in this Section 7.2.

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ARTICLE VIII

INDEMNIFICATION

8.1 Survival of Representations and Warranties. All representations, warranties, covenants and agreements of APII and Merger Corp. contained in this Agreement or in any certificate delivered pursuant to this Agreement shall survive the Closing for one year, notwithstanding any investigation conducted with respect thereto. Except for Section 2.17, the representations and warranties of the Company contained in this Agreement or in any certificate delivered pursuant to this Agreement shall not survive the Closing; *provided*, that this Section 8.1 shall not limit any claim in any way based upon any certificate, opinion, covenant, or agreement which by its terms is relied upon by a party or contemplates performance after the Effective Time or pursuant to any other certificate, statement or agreement or any claim for fraud.

8.2 Indemnification of the Company and Share Recipients by APII. APII shall indemnify and hold harmless the Company and the Share Recipients (the "**Company Indemnified Parties**"), and shall reimburse the Company Indemnified Parties for, any loss, liability, claim, damage, expense (including, but not limited to, costs of investigation and defense and reasonable attorneys' fees) or diminution of value (collectively, "**Damages**") arising from or in connection with (a) any inaccuracy, in any material respect, in any of the representations and warranties of APII and Merger Corp. in this Agreement or in any certificate delivered by APII and Merger Corp. to the Company pursuant to this Agreement, or any actions, omissions or statements of fact inconsistent with any such representation or warranty, (b) any failure by APII or Merger Corp. to perform or comply in any material respect with any covenant or agreement in this Agreement, (c) any claim for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by any such party with APII or Merger Corp. in connection with any of the transactions contemplated by this Agreement, (d) taxes attributable to any transaction or event occurring on or prior to the Closing, (e) any claim relating to or arising out of any liabilities reflected on the APII Balance Sheet or with respect to accounting fees arising thereafter, or (f) any litigation, action, claim, proceeding or investigation by any third party relating to or arising out of the business or operations of APII, or the actions of APII or any holder of APII capital stock prior to the Effective Time.

8.3 Indemnification of APII and Merger Corp. by the Company. The Company shall indemnify and hold harmless APII and Merger Corp. (the "**APII Indemnified Parties**") (the Company Indemnified Parties and the APII Indemnified Parties are sometimes referred to herein as the "**Indemnified Parties**"), and shall reimburse the APII Indemnified Parties for, any Damages arising from or in connection with (a) any inaccuracy, in any material respect, in any of the representations and warranties of the Company and the Share Recipients. in this Agreement or in any certificate delivered by the Company to APII or Merger Corp. pursuant to this Agreement, or any actions, omissions or statements of fact inconsistent with any such representation or warranty, (b) any failure by the Company or any Share Recipient to perform or comply in any material respect with any covenant or agreement in this Agreement, (c) any claim for brokerage or finder's fees or commissions or similar payments based upon any agreement or

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understanding alleged to have been made by any such party with the Company in connection with any of the transactions contemplated by this Agreement, (d) taxes attributable to any transaction or event occurring on or prior to the Closing, (e) any claim relating to or arising out of any liabilities reflected on the Company Balance Sheet or with respect to accounting fees arising thereafter, or (f) any litigation, action, claim, proceeding or investigation by any third party relating to or arising out of the business or operations of the Company, or the actions of the Company or any holder of capital stock of the Company prior to the Effective Time.

8.4 Time Limitation for Claims. Neither APII and Merger Corp., on the one hand, nor the Company, on the other hand, shall have any liability (for indemnification or otherwise) with respect to any representation or warranty, or agreement to be performed and complied with prior to the Effective Time, unless on or before the one-year anniversary of the Effective Time (the “**Claims Deadline**”), the parties from whom indemnification is sought (the “**Indemnifying Parties**”) are given written notice of a claim with respect thereto, specifying the factual basis therefore in reasonable detail to the extent then known by the Indemnified Parties.

8.5 Limitations on Liability. The obligations of any Indemnifying Parties to the Indemnified Parties shall be subject to the following limitations:

(a) The aggregate liability of the Indemnifying Parties to the Indemnified Parties under this Agreement shall not exceed the aggregate gross proceeds of the sale of any shares of APII Common Stock and APII Preferred Stock effected in contemplation of the Merger.

(b) Other than claims based on fraud or for specific performance, injunctive or other equitable relief, the indemnity provided in this Article VIII shall be the sole and exclusive remedy of the Indemnified Parties at law or equity for any matter covered by this Article VIII.

8.6 Notice of Claims.

(a) If, at any time on or prior to the Claims Deadline, an Indemnified Party shall assert a claim for indemnification pursuant to this Article VIII, such Indemnified Party shall submit to the Indemnifying Parties a written claim in good faith signed by the Indemnified Party (if an individual) or an authorized officer of the Indemnified Party, as applicable, stating: (i) that the Indemnified Party incurred or reasonably believes it may incur Damages and the reasonable estimate of the amount of any such Damages; (ii) in reasonable detail, the facts alleged as the basis for such claim and the section or sections of this Agreement alleged as the basis or bases for the claim; and (iii) if the Damages have actually been incurred, the dollar amount to which the Indemnified Party is entitled with respect to such Damages, which shall be determined as provided in Section 8.7 below. If the claim is for Damages which the Indemnified Party reasonably believes may be incurred or are otherwise un-liquidated, the written claim of the applicable Indemnified Party shall state the reasonable estimate of such Damages, in which event a claim shall be deemed to have been asserted under this Article VIII in the amount of such estimated Damages, but no payment to the Indemnified Party pursuant to Section 8.7 below shall be made until such Damages have actually been incurred.

(b) In the event that any action, suit or proceeding is brought against any Indemnified Party with respect to which the indemnification is sought may have liability

hereunder, such party shall have the right, at its cost and expense, to defend such action, suit or proceeding in the name and on behalf of the Indemnified Party; provided, however, that an Indemnified Party shall have the right to retain its own counsel, with fees and expenses paid by the Indemnified Party, if counsel retained by the Indemnifying Parties would be inappropriate because of actual or potential differing interests between the Indemnifying Parties and the Indemnified Party. In connection with any action, suit or proceeding subject to the Section 8.7 hereof, the Indemnifying Parties and the Indemnified Parties agree to render to each other such assistance as may reasonably be required in order to ensure proper and adequate defense of such action, suit or proceeding. An Indemnifying Party shall not, without the prior written consent of the applicable Indemnified Parties, which consent shall not be unreasonably withheld or delayed, settle or compromise any claim or demand if such settlement or compromise does not include an irrevocable and unconditional release of the Indemnified Parties for any liability arising out of such claim or demand.

8.7 Payment of Damages. In the event that the Indemnified Parties shall be entitled to indemnification pursuant to this Section 8.7 for actual Damages incurred by them, the Indemnifying Parties shall, within thirty (30) days after the final determination of the amount of such Damages, pay to the Indemnified Parties that amount.

ARTICLE IX TERMINATION

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

(a) by the mutual written consent of the Company, Merger Corp. and APII;

(b) by the Company, if APII or Merger Corp. (i) fails to perform, in any material respect, any of its agreements contained herein required to be performed by it on or prior to the Closing Date, or (ii) materially breaches any of its representations, warranties or covenants contained herein, which failure or breach is not cured within thirty (30) days after the Company has notified APII and Merger Corp. of its intent to terminate this Agreement pursuant to this paragraph (b);

(c) by APII and Merger Corp., if the Company (i) fails to perform in any material respect any of its agreements contained herein required to be performed by it on or prior to the Closing Date, or (ii) materially breach any of its representations, warranties or covenants contained herein, which failure or breach is not cured within thirty (30) days after APII or Merger Corp. has notified the Company of its intent to terminate this Agreement pursuant to this paragraph (c); or

(d) By either the Company, on the one hand, or APII and Merger Corp., on the other hand, if: (i) there shall be any order, writ, injunction or decree of any court or governmental or regulatory agency binding on APII, Merger Corp. or the Company which prohibits or materially restrains any of them from consummating the transactions contemplated hereby,

provided, that the parties hereto shall have used their best efforts to have any such order, writ, injunction or decree lifted and the same shall not have been lifted within ninety (90) days after entry by any such court or governmental or regulatory agency; or (ii) the Closing has not occurred on or prior to May 30, 2012 for any reason (including, without limitation, the failure of any of the conditions to obligations of the parties set forth in Article VII to have occurred), other than delay or nonperformance of the party seeking such termination.

9.2 Termination of Obligations. Termination of this Agreement pursuant to this Article IX shall terminate all obligations of the parties hereunder, except for the obligations under Sections 6.1, 6.3, 11.1, 11.3, 11.4, 11.1 and 11.12; *provided, however*, that termination pursuant to paragraphs (b) or (c) of Section 9.1 shall not relieve the defaulting or breaching party or parties from any liability to the other parties hereto.

ARTICLE X CERTAIN DEFINITIONS

Unless the context otherwise requires, the terms defined in this Article X shall have the meanings herein specified for all purposes of this Agreement, applicable to both the singular and plural forms of any of the terms herein defined.

10.1 "**Affiliate**" shall mean any Person that directly or indirectly controls, is controlled by, or is under common control with, the indicated Person.

10.2 "**Agreement**" shall mean this Agreement.

10.3 "**APII**" shall mean Action Products International, Inc., a Florida corporation.

10.4 "**APII Balance Sheet Date**" and "**APII/Merger Co. Balance Sheet**" shall have the meanings assigned to them in Section 3.7 hereof.

10.5 "**APII Common Stock**" shall mean the common stock, par value \$.001 per share, of APII.

10.6 "**APII Financial Statements**" shall have the meaning assigned to it in Section 3.7 hereof.

10.7 "**APII SEC Documents**" shall have the meaning assigned to it in Section 3.6 hereof.

10.8 "**Articles of Merger**" shall have the meaning assigned to it in the first recital of this Agreement.

10.9 "**Balance Sheet**" and "**Balance Sheet Date**" shall have the meanings assigned to such terms in Sections 2.10 hereof.

10.10 **"Certificate of Merger"** shall have the meaning assigned to it in the first recital of this Agreement.

10.11 **"Closing"** and **"Closing Date"** shall have the meanings assigned to such terms in Section 1.8 hereof.

10.12 **"Code"** shall mean the Internal Revenue Code of 1986, as amended.

10.13 **"Commission"** or **"SEC"** shall mean the U.S. Securities and Exchange Commission.

10.14 **"Company"** shall mean Core Wafer Systems, Inc., a Nevada corporation.

10.15 **"Company Stock"** shall have the meaning assigned to it in Section 2.3 hereof.

10.16 **"Condition of the Company"** shall have the meaning assigned to it in Section 2.2 hereof.

10.17 **"Condition of APII"** shall have the meaning assigned to it in Section 3.10 hereof.

10.18 **"Consents"** shall have the meaning assigned to such term in Section 2.28 hereof.

10.19 **"Default"** shall mean a default or failure in the due observance or performance of any covenant, condition or agreement on the part of a party to be observed or performed under the terms of this Agreement or the Certificate of Merger, if such default or failure in performance shall remain un-remedied for five (5) days.

.20 [Intentionally Omitted.]

10.21 **"Effective Time"** shall have the meaning assigned to it in Section 1.2 hereof.

10.22 [Intentionally Omitted.]

10.23 **"Environmental Laws"** means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601, et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136, et seq. and comparable state statutes dealing with the registration, labeling and use of pesticides and herbicides; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. §§ 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq.; as any of the above statutes have been amended as of the date hereof, all rules, regulations and policies promulgated pursuant to any of the above statutes, and any other foreign, federal,

state or local law, statute, ordinance, rule, regulation or policy governing environmental matters, as the same have been amended as of the date hereof.

10.24 **"Equity Security"** shall mean any stock or similar security of an issuer or any security (whether stock or Indebtedness for Borrowed Money) convertible, with or without consideration, into any stock or similar equity security, or any security (whether stock or Indebtedness for Borrowed Money) carrying any warrant or right to subscribe to or purchase any stock or similar security, or any such warrant or right.

10.25 **"ERISA"** shall mean the Employee Retirement Income Securities Act of 1974, as amended.

10.26 **"Event of Default"** shall mean (a) the failure of the Company to pay any Indebtedness for Borrowed Money, or any interest or premium thereon, within five (5) days after the same shall become due, whether such Indebtedness shall become due by scheduled maturity, by required prepayment, by acceleration, by demand or otherwise, (b) an event of default under any agreement or instrument evidencing or securing or relating to any such Indebtedness, or (c) the failure of the Company to perform or observe any material term, covenant, agreement or condition on its part to be performed or observed under any agreement or instrument evidencing or securing or relating to any such Indebtedness when such term, covenant or agreement is required to be performed or observed.

10.27 **"Exchange Act"** shall mean the Securities Exchange Act of 1934, as amended.

10.28 **"Fair Market Value"** shall mean, with respect to a share of Common Stock, the average of the daily closing prices for the ten (10) consecutive business days prior to such date. The closing price for each day shall be the last sales price or in case no sale takes place on such day, the average of the closing high bid and low asked prices, in either case (a) as officially quoted by Pinksheets.com, OTC Markets over-the-counter electronic Bulletin Board, Nasdaq Small Cap Market or the Nasdaq National Market or such other market on which the APII Common Stock is then listed for trading, or (b) if, in the reasonable judgment of the Board of Directors of APII, the NASD over-the-counter bulletin board, the Nasdaq Small Cap Market or the Nasdaq National Market is no longer the principal United States market for the APII Common Stock, then as quoted on the principal United States market for the APII Common Stock as determined by the Board of Directors of APII, or (c) if, in the reasonable judgment of the Board of Directors of the APII, there exists no principal United States market for the APII Common Stock, then as reasonably determined by the Board of Directors of APII.

10.29 **"GAAP"** shall mean generally accepted accounting principles in the United States, as in effect from time to time.

10.30 **"Hazardous Material"** means any substance or material meeting any one or more of the following criteria: (a) it is or contains a substance designated as or meeting the characteristics of a hazardous waste, hazardous substance, hazardous material, pollutant, contaminant or toxic substance under any Environmental Law; (b) its presence at some quantity requires investigation, notification or remediation under any Environmental Law; or (c) it

contains, without limiting the foregoing, asbestos, polychlorinated biphenyls, petroleum hydrocarbons, petroleum derived substances or waste, pesticides, herbicides, crude oil or any fraction thereof, nuclear fuel, natural gas or synthetic gas.

10.31 **"Indebtedness"** shall mean any obligation of the Company which under generally accepted accounting principles is required to be shown on the balance sheet of the Company as a liability. Any obligation secured by a Lien on, or payable out of the proceeds of production from, property of the Company shall be deemed to be Indebtedness even though such obligation is not assumed by the Company.

10.32 **"Indebtedness for Borrowed Money"** shall mean (a) all Indebtedness in respect of money borrowed including, without limitation, Indebtedness which represents the unpaid amount of the purchase price of any property and is incurred in lieu of borrowing money or using available funds to pay such amounts and not constituting an account payable or expense accrual incurred or assumed in the ordinary course of business of the Company, (b) all Indebtedness evidenced by a promissory note, bond or similar written obligation to pay money, or (c) all such Indebtedness guaranteed by the Company or for which the Company is otherwise contingently liable.

10.33 **"Investment Company Act"** shall mean the Investment Company Act of 1940, as amended.

10.34 **"knowledge"** and **"know"** means, when referring to any person or entity, the actual knowledge of such person or entity of a particular matter or fact, and what that person or entity would have reasonably known after due inquiry. An entity will be deemed to have "knowledge" of a particular fact or other matter if any individual who is serving, or who has served, as an executive officer of such entity has actual "knowledge" of such fact or other matter, or had actual "knowledge" during the time of such service of such fact or other matter, or would have had "knowledge" of such particular fact or matter after due inquiry.

10.35 [Intentionally Omitted.]

10.36 **"Lien"** shall mean any mortgage, pledge, security interest, encumbrance, lien 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 law.

10.37 **"Merger"** shall have the meaning assigned to it in the first recital hereof.

10.38 **"Merger Corp."** means Action Products International, Inc. a New York corporation.

10.39 **"Permitted Liens"** shall mean (a) Liens for taxes and assessments or governmental charges or levies not at the time due or in respect of which the validity thereof shall currently be contested in good faith by appropriate proceedings; (b) Liens in respect of pledges or deposits under workmen's compensation laws or similar legislation, carriers', warehousemen's, mechanics', laborers' and materialmens' and similar Liens, if the obligations

secured by such Liens are not then delinquent or are being contested in good faith by appropriate proceedings; and (c) Liens incidental to the conduct of the business of the Company that were not incurred in connection with the borrowing of money or the obtaining of advances or credits and which do not in the aggregate materially detract from the value of its property or materially impair the use made thereof by the Company in its business.

10.40 "**Person**" shall include all natural persons, corporations, business trusts, associations, limited liability companies, partnerships, joint ventures and other entities and governments and agencies and political subdivisions.

10.41 "**Securities Act**" shall mean the Securities Act of 1933, as amended.

10.42 "**Stockholders**" shall mean all of the stockholders of the Company.

10.43 "**Surviving Corporation**" shall have the meaning assigned to it in Section 1.1 hereof.

10.44 "**Tax**" or "**Taxes**" shall mean (a) any and all taxes, assessments, customs, duties, levies, fees, tariffs, imposts, deficiencies and other governmental charges of any kind whatsoever (including, but not limited to, taxes on or with respect to net or gross income, franchise, profits, gross receipts, capital, sales, use, ad valorem, value added, transfer, real property transfer, transfer gains, transfer taxes, inventory, capital stock, license, payroll, employment, social security, unemployment, severance, occupation, real or personal property, estimated taxes, rent, excise, occupancy, recordation, bulk transfer, intangibles, alternative minimum, doing business, withholding and stamp), together with any interest thereon, penalties, fines, damages costs, fees, additions to tax or additional amounts with respect thereto, imposed by the United States (federal, state or local) or other applicable jurisdiction; (b) any liability for the payment of any amounts described in clause (a) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group or as a result of transferor or successor liability, including, without limitation, by reason of Regulation section 1.1502-6; and (c) any liability for the payments of any amounts as a result of being a party to any Tax Sharing Agreement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in clause (a) or (b).

10.45 "**Tax Return**" shall include all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns (including Form 1099 and partnership returns filed on Form 1065) required to be supplied to a Tax authority relating to Taxes.

ARTICLE XI

MISCELLANEOUS

11.1 Notices. Any notice, request or other communication hereunder shall be given in writing and shall be served either personally, by overnight delivery or delivered by mail, certified return receipt and addressed to the following addresses:



If to APII
or Merger Corp.: Action Products International, Inc..
419 Lafayette Street
New York, NY 10003
Attention: Gary Polistena, Chief Executive Officer
Fax: (646) 861-6572
Email: garypolistena.apii@yahoo.com

With a copy to: Matthew McMurdo, Esq.
140 West 57th Street, Suite 6D
New York, NY 10019
Fax: (646) 390-7090
Email: nysecjd@gmail.com

If to the Company: Core Wafer Systems, Inc.
212 15th Ave NE
Waseca, MN 56093
Fax: (507) 835-1344
Attention: Roger Goetz, Chief Executive Officer

With a copy to: Santoro Whitmire
10001 Park Run Drive
Las Vegas, NV 89145
Attention: Andrew J. Glendon, Esq.
Fax: (702) 948-8773
Email: aglendon@santoronevada.com

Notices shall be deemed received at the earlier of actual receipt or three (3) business days following mailing. Counsel for a party (or any authorized representative) shall have authority to accept delivery of any notice on behalf of such party.

11.2 Entire Agreement. This Agreement, including the schedules and exhibits attached hereto and other documents referred to herein, contains the entire understanding of the parties hereto with respect to the subject matter hereof. This Agreement supersedes all prior agreements and undertakings between the parties with respect to such subject matter.

11.3 Expenses. Each party shall bear and pay all of the legal, accounting and other expenses incurred by it in connection with the transactions contemplated by this Agreement;

11.4 Dispute Resolution. The Parties agree to attempt initially to solve all claims, disputes or controversies arising under, out of or in connection with this Agreement by

conducting good faith negotiations. If the Parties are unable to settle the matter between themselves, the matter shall thereafter be resolved by alternative dispute resolution, starting with mediation and including, if necessary, a final and binding arbitration. Whenever a Party shall decide to institute arbitration proceedings, it shall give written notice to that effect to the other Party. The Party giving such notice shall refrain from instituting the arbitration proceedings for a period of sixty (60) days following such notice. During such period, the Parties shall make good faith efforts to amicably resolve the dispute without arbitration. Any arbitration hereunder shall be conducted under the rules of the American Arbitration Association. Each such arbitration shall be conducted by a panel of three arbitrators: one arbitrator shall be appointed by each of APII and Company and the third shall be appointed by the American Arbitration Association. Any such arbitration shall be held in New York, New York. The arbitrators shall have the authority to grant specific performance. Judgment upon the award so rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of any award and an order of enforcement, as the case may be. In no event shall a demand for arbitration be made after the date when institution of a legal or equitable proceeding based on such claim, dispute or other matter in question would be barred under this Agreement or by the applicable statute of limitation. The prevailing party in any such arbitration shall be entitled to recover from the other party, in addition to any other remedies, all reasonable costs, attorneys' fees and other expenses incurred by such prevailing party.

11.5 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and heirs; provided, however, that neither party shall directly or indirectly transfer or assign any of its rights hereunder in whole or in part without the written consent of the others, which may be withheld in its sole discretion, and any such transfer or assignment without said consent shall be void.

11.7 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their permitted successors, assigns and heirs, and no other Person shall have any right or action under this Agreement.

11.8 Counterparts. This Agreement may be executed in one or more counterparts, with the same effect as if all parties had signed the same document. Each such counterpart shall be an original, but all such counterparts together shall constitute a single agreement.

11.9 Recitals, Schedules and Exhibits. The Recitals, Schedules and Exhibits to this Agreement are incorporated herein and, by this reference, made a part hereof as if fully set forth herein.

11.10 Section Headings and Gender. The Section headings used herein are inserted for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement shall include the other


genders, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

11.11 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to principles of conflict of laws, except that the applicable terms of Section 1 shall be governed by the NRS and the NYBCL.

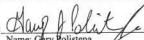
11.12 Assignment; Amendment. This Agreement may not be assigned except with the consent of all of the parties hereto. This Agreement and the Articles and Certificate of Merger may be amended or modified only by an instrument in writing executed (i) in the case of this Agreement, by all of the parties hereto and (ii) in the case of the Articles and Certificate of Merger, by the parties thereto.

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

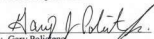
**THE COMPANY:
CORE WAFER SYSTEMS, INC.**

By: 
Name: Roger Goetz
Title: Chief Executive Officer

ACTION PRODUCTS INTERNATIONAL, INC.

By: 
Name: Gary Polistena
Title: Chief Executive Officer

**MERGER CORP:
ACTION PRODUCTS INTERNATIONAL,
INC.,
A New York corporation**

By: 
Name: Gary Polistena
Title: Chief Executive Officer

Schedule 1.5

APII Capitalization

Current fully diluted capitalization of APII:	36,239,849
Due to The Bull Consulting Group post-Closing:	1,966,503 shares of Preferred Stock (convertible at 1-3 into 5,899,510 shares of Common Stock)
APII current shareholders post-Closing:	42,139,358
CWS Shareholders shall receive at Closing:	50,868,226 shares of Common Stock 13,365,291 shares of Preferred Stock (convertible at 1-2 into 27,390,583 shares of Common Stock)
Total shares of Common Stock to CWS Shareholders after conversion of Preferred Stock:	78,258,810 (represents 65% of the outstanding equity of APII post-Closing)
Total APII outstanding equity of APII post-Closing: 120,398,169	

**Breakdown of APII Shares of Common Stock and Preferred Stock to be Issued to CWS
Shareholders at Closing**

Shares of Common Stock and Preferred Stock of APII Post-Closing

1. Roger Goetz: 15% of the 78,258,810 Total shares
2. Louis S. DeAncona: 85% of the 78,258,810 Total shares

**Shares of APII Common Stock and Preferred Stock to be Held in Reserve Related to the
Lawsuit**

Reserves to be Held by APII at the Closing and Refunded to Roger Goetz and Louis S.
DeAncona Upon Successful Completion of the Lawsuit