**DETREX CORPORATION**

**PROXY STATEMENT**

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**Your vote is very important.**

November 17, 2017

Dear Shareholder:

On November 10, 2017, Detrex Corporation ("Detrex" or the "Company") entered into an Agreement and Plan of Merger ("Merger Agreement") by and among the Company, Italmatch USA Corporation ("Italmatch") and Cuyahoga Merger Sub, Inc. ("Merger Sub"), providing for the sale of the Company to Italmatch through the Merger of Merger Sub with and into the Company (the "Merger"), which will result in the Company becoming a wholly-owned subsidiary of Italmatch under the name Detrex Corporation. Italmatch Chemicals S.p.A. ("Guarantor"), the parent company of Italmatch, guaranteed the obligations of Italmatch and Merger Sub under the Merger Agreement.

On behalf of the Company's board of directors (the "Board"), you are cordially invited to attend a special meeting of shareholders, which will be held at the Westin Detroit Metropolitan Airport, 2501 Worldgateway Place, Detroit, MI 48242, on December 7, 2017 at 11:00 a.m., local time. At the special meeting, you will be asked to consider and vote upon a proposal to approve the Merger Agreement. At the special meeting, you will also be asked to vote on a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the Merger Agreement, or in the absence of a quorum.

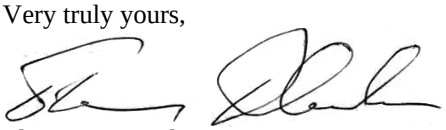
If the Merger Agreement is approved by the shareholders and the Merger is subsequently completed, each share of Common Stock issued and outstanding at the Effective Time of the Merger (as defined in the Merger Agreement) shall, as of the Effective Time, be converted into and exchanged for the right to receive cash in the amount of $27.00 per share of Common Stock, without interest.

**The Board unanimously approved the Merger Agreement and determined that the Merger is advisable and in the best interests of the Company and its shareholders, and recommends that shareholders vote "FOR" approval of the Merger Agreement and the adjournment proposal.** The Merger cannot be completed unless holders of at least two-thirds of the shares of Common Stock outstanding and entitled to vote at the special meeting, in person or by proxy, approve the Merger Agreement. The Board members and officers of the Company have agreed to vote their shares to approve the Merger Agreement and the Merger.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please take the time to vote by completing the enclosed proxy card and returning it in the enclosed postage paid envelope, so that your shares may be represented at the meeting. If you hold shares through a bank or broker, please use the voting instructions you have received from your bank or broker. **If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote "FOR" approval of the Merger Agreement and the other proposals. If you fail to vote, or you do not instruct your broker how to vote any shares held for you in "street name," it will have the same effect as voting "AGAINST" the proposal to approve the Merger Agreement but will have no impact on the outcome of the other proposal.**

The accompanying document serves as the proxy statement for the special meeting of the Company shareholders. This proxy statement describes the special meeting, the Merger, the documents related to the Merger and other related matters. **We urge you to read this entire document carefully.**

Very truly yours,



Thomas E. Mark,
*Chairman of the Board, President and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger or the other transactions described in this proxy statement, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

This proxy statement is dated November 17, 2017 and is first being mailed to shareholders of the Company on or about November 20, 2017.

**DETREX CORPORATION**

**1000 Belt Line Street**
**Cleveland, Ohio 44109**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**
**TO BE HELD ON DECEMBER 7, 2017**

To the Shareholders of Detrex Corporation:

A special meeting of shareholders of Detrex Corporation ("Detrex," the "Company," "we," "our" or "us") will be held at the Westin Detroit Metropolitan Airport, 2501 Worldgateway Place, Detroit, MI 48242, on December 7, 2017 at 11:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Italmatch USA Corporation ("Italmatch") and Cuyahoga Merger Sub, Inc. ("Merger Sub"), dated as of November 10, 2017, providing for the sale of the Company to Italmatch through the merger of Merger Sub with and into the Company (the "Merger"), whereupon the separate corporate existence of Merger Sub will cease and the Company will become a wholly-owned subsidiary of Italmatch;

2. To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the Merger Agreement, or in the absence of a quorum, which we refer to as the "adjournment proposal"; and

3. To consider and act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

The Merger Agreement and the proposed Merger are more fully described in the attached proxy statement, which you should read carefully and in its entirety before voting. A copy of the Merger Agreement is included as *Annex A* to the attached proxy statement.

The Company has established November 13, 2017 as the record date for determining the shareholders entitled to notice of and to vote at the special meeting. Only record holders of Detrex common stock, par value $2.00 per share ("Common Stock") as of the close of business on that date will be entitled to vote at the special meeting or any adjournment or postponement of that meeting. The affirmative vote of holders of at least two-thirds of the shares of Common Stock outstanding and entitled to vote at the special meeting is required to approve the Merger Agreement.

**The Detrex board of directors (the "Board") recommends that you vote "FOR" the proposal to approve the Merger Agreement and "FOR" the adjournment proposal.**

Under applicable Michigan law, holders of Common Stock do not have any dissenters' rights or appraisal rights.

All shareholders are cordially invited to attend the special meeting. **To ensure your representation at the special meeting of shareholders, please follow the voting procedures described in the accompanying proxy statement and on the enclosed proxy card.** This will not prevent you from voting in person, but it will help to secure a quorum and allow your shares to be voted should anything prevent your attendance in person. Your proxy may be revoked at any time before it is voted.

BY ORDER OF THE BOARD OF DIRECTORS

John Hensien, Secretary

November 17, 2017

**YOUR VOTE IS VERY IMPORTANT!**

**Whether or not you expect to attend the Company special meeting in person, the Company urges you to submit your proxy as promptly as possible by completing, signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions on the voting instruction form furnished to you by your broker, bank or other nominee. Do not send stock certificates with the proxy card. You will receive instructions for delivering your stock certificates under separate cover.**

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To more fully understand the Merger contemplated by the Merger Agreement, and for a more complete description of the legal terms of the Merger, you should read this entire document, including the materials attached as annexes, as well as the other documents to which we have referred you. See the section of this proxy statement titled "Where You Can Find More Information" beginning on page 45. The page references in parentheses included in this summary will direct you to a more detailed description of each topic presented. In this proxy statement, the terms "Detrex," the "Company," "we" "our" and "us" refer to Detrex Corporation. All references to defined terms not defined herein or in the notice to which this proxy statement is attached shall have the meanings ascribed to them in the Merger Agreement attached as *Annex A* to this proxy statement.

This summary and the copy of the Merger Agreement attached to this document are included solely to provide the Company's shareholders with information regarding the terms of the Merger Agreement. They are not intended to provide factual information about the parties or any of their respective subsidiaries or affiliates. The representations, warranties and covenants in the Merger Agreement were made solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts. Investors are not third-party beneficiaries under the Merger Agreement, and in reviewing the representations, warranties and covenants contained in the Merger Agreement or any descriptions thereof in this summary, it is important to bear in mind that such representations, warranties and covenants or any descriptions thereof were not intended by the parties to the Merger Agreement to be characterizations of the actual state of facts or condition of the parties or any of their respective subsidiaries or affiliates.

**The Parties to the Merger**

***Detrex Corporation*** **(page 14)**

The Company is a Michigan corporation that through its subsidiary, The Elco Corporation, manufactures high performance specialty chemicals serving three distinct business areas; namely additives for industrial petroleum products, high purity hydrochloric acid for the semiconductor industry, and specialty chemicals. Elco's petroleum additives are used for enhancing the properties of hydraulic oils, metalworking fluids, gear oils, greases and fuels. The Ultramax® hydrochloric acid product line meets the most demanding semiconductor specifications, and Detrex hydrochloric acid is used in various applications such as pharmaceutical manufacturing. Elco's products are manufactured in Cleveland, Ohio and Ashtabula, Ohio and sold domestically through a direct sales force and globally through agents and distributors. The Company's Common Stock is traded on the OTCQX U.S. Premier trading system ("OTCQX") under the ticker symbol "DTRX.PK" The Company's principal executive offices are located at 1000 Belt Line Street, Cleveland, Ohio 44109, its telephone number is 216-749-2605, and its website is www.detrex.com

Additional information about the Company is included in documents incorporated by reference into this proxy statement and our filings available on the OTCQX website .

***Italmatch USA Corporation*** **(page 14)**

Italmatch is an Illinois corporation is engaged in the distribution of chemical products mostly in North America and holds 100% of the shares of Compass Chemical International LLC, active mainly in the water and oil additives market. Italmatch is a wholly-owned subsidiary of Guarantor, which is the parent company of a global specialty chemicals group with market leadership in additives for Lubricants & Metalworking Fluid ("MWF"), Water & Oil, Plastics and Performance Products (collectively, "Italmatch Group").

Italmatch Group boasts technology leadership in esters for lubricants, especially for industrial applications, with a full range of conventional, complex and polymeric portfolio for gears, MWF and greases. Italmatch Group currently operates 10 manufacturing plants – six across Europe (Italy, Germany, UK and Spain), two across Asia Pacific (China and Japan) and two in US. Italmatch Group also benefits from global sales coverage, with 15 owned logistics and distribution and sales subsidiaries in the U.S., U.K., Spain, Belgium, Poland, Japan, Singapore, India, China and other countries.

Italmatch Group serves global multi-national companies that are leaders in lubricants, detergents, oil & gas, thermoplastics and agrochemicals and that often act as partners for long-term joint developments. Its strength in the sector has mainly been achieved through (i) technology leadership in certain key chemistries, (ii) a strong win-win partnership with the four leading ad pack companies and selected global finished lubricant leaders and (iii) a strong R&D team covering new chemical synthesis as well as lube applicative testing.

Italmatch is currently 81% indirectly owned by funds managed by Ardian France S.A. (Ardian) (www.ardian.com), a world leader in private equity, with assets of more than USD 60 billion managed or advised across Europe, North America and Asia. The remaining 19% stake is owned by Italmatch's management and by a US minority investor.

Additional information about the Italmatch Group is available on www.italmatch.it.

***Merger Sub*** **(page 14)**

Cuyahoga Merger Sub, Inc. ("Merger Sub"), a Michigan corporation, is a wholly - owned subsidiary of Italmatch, and was formed by Italmatch on October 27, 2017, solely for the purposes of entering into the Merger Agreement and effecting the Merger. Merger Sub has not conducted any business operations other than those incidental to its formation and in connection with the transactions contemplated by the Merger Agreement. Upon completion of the Merger, Merger Sub will cease to exist as a separate entity.

**The Special Meeting of the Shareholders**

***Date, Time and Place of the Special Meeting of Shareholders*** **(page 15)**

The special meeting of shareholders of the Company will be held at the Westin Detroit Metropolitan Airport, 2501 Worldgateway Place, Detroit, MI 48242, on December 7, 2017 at 11:00 a.m., local time.

***Actions to be Taken at the Special Meeting*** **(page 15)**

At the special meeting, the Company's shareholders as of November 13, 2017, the record date, will be asked to vote upon a proposal to approve the Merger Agreement and the Merger, and, if necessary, a proposal to approve one or more adjournments of the special meeting (the "adjournment proposal").

***Recommendation of the Company Board of Directors*** **(page 15)**

At a meeting on November 10, 2017, the Company's board of directors (the "Board") determined that the Merger is fair to and in the best interests of the Company and its shareholders, and approved the Merger Agreement. The Board recommends that you vote **"FOR"** approval of the Merger Agreement, and "**FOR**" the adjournment proposal .

***Record Date; Outstanding Shares; Shares Entitled to Vote*** **(page 15)**

Only holders of record of Common Stock at the close of business on the record date of November 13, 2017 are entitled to notice of and to vote at the special meeting. As of the record date, there were 1,698,339 shares of Common Stock outstanding. Each holder of Common Stock is entitled to one vote for each share of Common Stock he, she or it owned as of the record date.

***Votes Required to Transact Business at the Special Meeting*** **(page 15)**

A quorum of the Company shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of the outstanding shares of Company stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. The Company will include proxies marked as abstentions in determining the presence of a quorum at the special meeting.

The affirmative vote, in person or by proxy, of the holders of at least two-thirds of the outstanding shares of Common Stock is required to approve the Merger Agreement. The affirmative vote of the holders of a majority of the shares of Common Stock present in person or by proxy at the special meeting and cast for or against the adjournment proposal, or in the absence of a quorum, is required to approve the adjournment proposal.

***How to Vote Shares Held Directly by the Shareholder*** **(page 16)**

The Board requests that you vote your shares by returning the proxy card accompanying this document for use at the special meeting. If you choose to vote by mail, please complete, date and sign the proxy card and promptly return it in the enclosed pre-paid envelope. All properly signed proxies received prior to the special meeting and not revoked before the vote at the special meeting will be voted at the special meeting according to the instructions indicated on the proxies or, if no instructions are given, to approve the Merger Agreement and the adjournment proposal. If you fail to submit a proxy or to vote in person at the special meeting, or do not

provide your broker, bank or other nominee with instructions, as applicable, your shares of Common Stock will not be voted on the proposals, which will have the same effect as a vote "**AGAINST**" the proposal to approve the Merger Agreement, but, assuming a quorum is present, will have no effect on the adjournment proposal.

***Revocation of Proxies*** **(page 17)**

If you have not voted through your broker, bank or other nominee, you may revoke your proxy at any time by taking any of the following actions before your proxy is voted at the special meeting:

- Filing a written revocation of the proxy with the Secretary of the Company, John Hensien, Detrex Corporation, 1000 Belt Line Street, Cleveland, Ohio 44109-2800;
- Submitting a new signed proxy card bearing a later date (any earlier proxies will be revoked automatically); or
- Attending and voting in person at the special meeting provided you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of the Company as indicated above.

If you have instructed a bank, broker or other nominee to vote your shares, you must follow the directions you receive from your bank, broker or other nominee to change your vote.

***Stock Certificates (*** **page 17)**

If the Merger Agreement and the Merger are approved by the shareholders, then shortly after the Effective Time, a paying agent will mail a letter of transmittal and instructions to you and the other Company shareholders. The letter of transmittal and instructions will tell you how to surrender your stock certificates in exchange for the Merger consideration. Holders of uncertificated shares of Common Stock (i.e., holders whose shares are held in book-entry form) will automatically receive the Merger consideration, without interest and subject to reduction for any required withholding taxes, as promptly as practicable after the Effective Time without any further action required on the part of those holders, but such holders may, if required by the paying agent, be required to deliver an executed letter of transmittal to the paying agent.

***Share Ownership of Management***

As of the record date, the directors and executive officers of the Company and their affiliates collectively beneficially owned 890,379 shares of Common Stock (including vested options) or approximately 52.43% of the outstanding Common Stock.

***Voting Agreement*** **(page 18)**

Certain of the Company's shareholders and its officers and directors have executed an irrevocable Voting Agreement with Italmatch ("Voting Agreement") under which they have agreed to vote their shares in favor of the Merger Agreement and have granted Italmatch an irrevocable proxy to so vote their shares, subject to the receipt of a Superior Proposal (See the section titled "The Voting Agreement" on page 42. As of the record date, the parties that have agreed to vote their shares in favor of the Merger pursuant to the Voting Agreement held 874,379 shares of Common Stock plus 16,000 shares of Common Stock issuable under fully vested stock options, representing approximately 52.43% of the outstanding shares of Common Stock.

***Trading of Our Common Stock*** **(page 28)**

If the Merger is completed, our Common Stock will no longer be traded on the OTCQX trading system, and we will no longer file periodic reports on the OTCQX system.

**The Merger**

***Structure of the Merger*** **(page 31)**

Italmatch, Merger Sub and the Company entered into the Merger Agreement on November 10, 2017. The Merger Agreement provides for the Merger of Merger Sub with and into the Company, with the Company being the surviving corporation and becoming a wholly-owned subsidiary of Italmatch.

The proposed Merger will occur following approval of the proposal described in this document by the shareholders of the Company and satisfaction or waiver of all other conditions to the Merger. The Merger Agreement is attached to this document as *Annex A*. We encourage you to read the Merger Agreement because it is the legal document that governs the Merger.

***Closing of the Merger*** **(page 31)**

We expect that the Merger will be completed as soon as practicable following the satisfaction or waiver of all closing conditions, including approval of the Merger Agreement by the Company's shareholders at the special meeting. The parties cannot be certain whether or when any of the conditions to the Merger will be satisfied, or waived where permissible. We currently expect to complete the Merger in December 2017; however, because the Merger is subject to these conditions, we cannot predict the actual timing with certainty.

***Merger Consideration*** **(page 31)**

If the Merger is completed, each share of Common Stock will be converted into the right to receive $27.00 in cash, without interest.

***Treatment of Equity and Equity Based Plans (*** **(page 31)**

At the Effective Time, subject to all required withholding taxes, each option to purchase Common Stock that is outstanding immediately prior to the Effective Time will be canceled and automatically converted into the right to receive a cash payment equal to the product of (x) the number of shares of Common Stock underlying such unexercised stock option, and (y) the excess, if any, of $27.00 over the exercise price per share provided in such option.

In addition, pursuant to the Merger Agreement, the Company will terminate the Company Equity Plan as of the Effective Time.

***Aggregate Consideration***

The aggregate consideration payable upon completion of the Merger to the holders of Company Common Stock and options to purchase Common Stock is not to exceed $46,036,953, which consists of amounts not to exceed (i) $45,855,153 with respect to holders of shares of Company Common Stock, and (ii) $181,800 with respect to holders of Company options.

***Opinion of the Company's Financial Advisor*** **(page 22)**

In connection with the Merger, at the meeting of the Board on November 10, 2017, our financial advisor, KeyBanc Capital Markets Inc. ("KeyBanc"), rendered to the Board its oral opinion, subsequently confirmed by delivery of a written opinion dated November 10, 2017, as to the fairness, from a financial point of view, to the holders of our Common Stock as of that date, of the Merger consideration per share of our Common Stock to be received by the holders of our Common Stock in the Merger pursuant to the Merger Agreement. KeyBanc rendered this opinion from and based upon and subject to the various assumptions made, and qualifications and limitations on the scope of review undertaken, by KeyBanc as set forth in its written opinion .

**The full text of KeyBanc's written opinion, dated November 10, 2017, is attached to this proxy statement as *Annex C*. You should read KeyBanc's opinion carefully and in its entirety for a discussion of the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by KeyBanc in rendering its opinion. This summary is qualified in its entirety by reference to the full text of the opinion. KeyBanc's opinion was directed to the Board, in its capacity as the Board, and addressed only the fairness from a financial point of view, as of the date of the opinion, to the holders of our Common Stock of the consideration to be received by those shareholders in the Merger pursuant to the Merger Agreement. The opinion did not address any other aspects or implications of the Merger and did not address the relative merits of the Merger contemplated by the Merger Agreement as compared to other business or financial strategies that might have been available, nor did it address the underlying business decision to enter into the Merger Agreement or proceed with any other transaction contemplated by the Merger Agreement. KeyBanc's opinion was not intended to, and does not, constitute advice or a recommendation as to how any holder of our Common Stock should vote at the special meeting or take any other action with respect to the Merger.** For more information regarding our financial advisor, see the section of this proxy statement titled "Proposal No. 1—The Merger—*Opinion of the Company's Financial Advisor*" beginning on page 22.

***Interests of Directors and Executive Officers in the Merger*** **(page 28)**

Some Company directors and executive officers may be deemed to have interests in the Merger that are different from, or in addition to, the interests of the Company shareholders generally. The members of the Board were aware of and considered these interests in reaching the determination to approve the Merger Agreement and deem the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement to be advisable and in the best interests of the Company, and in recommending that the Company's shareholders vote for the approval of the Merger Agreement. These interests include:

- each Company stock option will be cashed out upon the Effective Time in accordance with the terms of the Merger Agreement;
- certain of the Company's executive officers are party to a change in control agreement with the Company that provides severance in the case of a termination of employment by the Company without "cause" or by the executive for "good reason" in connection with or following a change in control, which will include the completion of the Merger; and
- the Company's directors and executive officers are entitled to continued indemnification and insurance coverage under the Merger Agreement for a period of six (6) years following the Effective Time.

***Conditions to the Merger*** **(page 31)**

Italmatch and the Company will not complete the Merger unless a number of conditions are satisfied or waived, including:

- the shareholders of the Company have approved the Merger Agreement;
- the absence of any order, decree or injunction in effect, or any law, statute or regulation enacted or adopted, that prevents or prohibits completion of the Merger;
- there shall not have been instituted or pending any action or proceeding by any governmental entity challenging or seeking to make illegal, to delay materially or otherwise to restrain or prohibit the completion of the Merger or seeking to obtain material damages with respect to the Merger;
- the representations and warranties of each of Italmatch and the Company in the Merger Agreement must be accurate, subject to certain applicable materiality thresholds described in the section of this proxy statement titled "The Merger Agreement—Conditions to the Merger" beginning on page 31; and
- Italmatch and the Company must each have performed in all material respects all obligations required to be performed by it.

The Merger Agreement does not contain any financing-related closing condition. Italmatch has informed the Company that it expects that funds needed by Italmatch and Merger Sub in connection with the Merger will be derived from (i) cash on hand; (ii) borrowings under Italmatch's existing credit agreements; or (iii) a combination of the foregoing.

***Termination of the Merger Agreement*** **(page 33)**

The Merger Agreement may be terminated and the Merger and the transactions contemplated by the Merger Agreement abandoned as follows:

- by mutual written consent of the parties;
- by Italmatch or the Company if the Merger is not consummated within ninety (90) days from the date of the Merger Agreement, unless the terminating party's failure to fulfill any material obligation under the Merger Agreement was the cause of the failure of the Merger to occur on or before such date;
- by Italmatch or the Company if any governmental entity issues a final order or takes any other action, or there exists any law, in each case, permanently enjoining, restraining or otherwise prohibiting the Merger (so long as the party seeking termination has used reasonable best efforts to remove such order or reverse such action);

- by Italmatch or the Company if the required approval of the Merger Agreement by the Company shareholders is not obtained;

- by the Company in connection with entering into a definitive agreement to effect a "Superior Proposal" (as defined in Section 6.5(g)(ii) of the Merger Agreement) (See the section in this Proxy Statement titled "Termination" on page 33;

- by Italmatch, if the Board:

  - withdraws or adversely modifies its approvals or recommendations of the Merger or recommends to the Company's shareholders that they approve or accept a third party "Competing Proposal (as defined in Section 6.5(g)(i) of the Merger Agreement) or otherwise fails to comply with the provisions of Section 6.5 of the Merger Agreement with respect to a Competing Proposal (See the section in this Proxy Statement titled "Termination Fee" on page 34;

  - fails to include in this proxy statement its recommendation to approve the Merger and the Merger Agreement;

  - recommends to the shareholders that they approve or accept a Superior Proposal;

  - authorizes or announces the Company's intention to enter into a definitive agreement regarding a Competing Proposal;

  - causes or permits the Company to breach its non-solicitation obligations set forth in the Merger Agreement; or

  - fails to publicly reconfirm its recommendation to its shareholders to vote in favor of the Merger Agreement either at the proposed shareholders meeting or within three business days of being requested to do so by Italmatch following a publicly announced Competing Proposal; and

- by Italmatch or the Company if the other party materially breaches any of its representations, warranties, covenants or agreements contained in the Merger Agreement, the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement, and the breach is not cured within 30 days of written notice.

***Termination Fee*** **(page 34)**

Under the terms of the Merger Agreement, the Company must pay Italmatch a termination fee of $2,300,000 if:

- Italmatch terminates the Merger Agreement as a result of the Board withdrawing or adversely modifying its approvals or recommendations of the Merger; recommending to the Company shareholders that they approve or accept a Superior Proposal; failing to publicly reconfirm its recommendation to its shareholders to vote in favor of the Merger Agreement within three business days of being requested to do so by Italmatch following a publicly announced Competing Proposal; or otherwise failing to comply with the provisions of Section 6.5 of the Merger Agreement with respect to a Competing Proposal;

- Italmatch terminates the Merger Agreement as a result of the Company's material breach of any of its representations, warranties, covenants or agreements contained in the Merger Agreement, provided that Italmatch is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement, and the Company's breach is not cured within 30 days of written notice of such breach, but only if:

  - a Competing Proposal with respect to the Company has been made or communicated to the senior management or the Board or shall have been publicly announced or publicly made known to the Company shareholders prior to termination of the Merger Agreement; and

  - within 12 months of termination of the Merger Agreement, the Company enters into a definitive agreement with respect to, or consummates, a Competing Proposal;

- the Company terminates the Merger Agreement in connection with entering into a definitive agreement to effect a Superior Proposal; or

- Italmatch or the Company terminates the Merger Agreement as a result of:

  - the required approval of the Merger Agreement by the Company shareholders not being obtained, but only if:

    - a Competing Proposal with respect to the Company has been made or communicated to the senior management or the Board or shall have been publicly announced or publicly made known to the Company shareholders prior to termination of the Merger Agreement, and

    - within 12 months of termination of the Merger Agreement, the Company enters into a definitive agreement with respect to, or consummates, a Competing Proposal; or

  - the Merger not being consummated within 90 days from the Merger Agreement, unless the terminating party's failure to comply with the Merger Agreement was the cause of the failure of the Merger to occur on or before such date, but only if:

    - a Competing Proposal with respect to the Company has been made or communicated to the senior management or the Board or shall have been publicly announced or publicly made known to the Company shareholders prior to termination of the Merger Agreement, and

    - within 12 months of termination of the Merger Agreement, the Company enters into a definitive agreement with respect to, or consummates, a Competing Proposal.

***Limitations on Considering Other Acquisition Proposals*** **(page 35)**

The Merger Agreement restricts the Company's ability to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in the Company. However, if the Company receives a bona fide unsolicited written Competing Proposal that did not result from a breach by the Company of any of the provisions in the Merger Agreement, the Board may furnish certain information with respect to the Company and its subsidiaries to the third party making such Competing Proposal and participate in discussions and negotiations regarding the unsolicited Competing Proposal under certain circumstances.

In addition, the Company agreed that its Board will not:

- withdraw or modify its approval or recommendation of the Merger;

- recommend or approve any Competing Proposal; or

- recommend or approve any agreement related to any Competing Proposal, other than any permitted confidentiality agreement,

unless, after consultation with its outside counsel, the Board determines that the failure to take such action would be inconsistent with its fiduciary duties under applicable law. In that event, the Company must provide Italmatch with notice of such determination and cooperate and negotiate in good faith with Italmatch to adjust or modify the terms and conditions of the Merger Agreement.

***Guarantee*** **(page 41)**

Under the Merger Agreement, the Guarantor guarantees to the Company the full payment and the complete performance by Italmatch and the Merger Sub of all of their respective obligations under the Merger Agreement.

***Dissenters' Rights***

The Company is organized as a corporation under Michigan law. Under applicable Michigan corporate law, holders of Common Stock who object to the Merger do not have any appraisal or dissenters' rights.

***Market Price of Our Common Stock*** **(page 41)**

Company Common Stock is traded on the OTCQX Premier trading system under the ticker symbol “DTRX.PK.”. The closing sale price of Company Common Stock on the OTCQX system was $25.00 on November 9, 2017, which was the last trading day before we signed the Merger Agreement.

***Material Federal Income Tax Consequences*** **(page 43)**

In general, you will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash received and your adjusted tax basis in your shares of Common Stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Company stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

Tax matters are complicated, and the tax consequences of the Merger to you will depend upon the facts of your particular situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed in this document. **Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the Merger.**

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

## QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger and the special meeting. These questions and answers may not address all questions that may be important to you as a shareholder. To more fully understand the Merger and the special meeting, you should read this entire proxy statement, including the materials attached as annexes, as well as the documents that have been incorporated by reference into this proxy statement.

**Q: Why am I receiving this proxy statement?**

A: Italmatch and the Company have agreed to the acquisition of the Company by Italmatch under the terms of a Merger Agreement that is described in this proxy statement. A copy of the Merger Agreement is attached to this proxy statement as *Annex A*. In order to complete the Merger, the holders of at least two-thirds of the Company's outstanding Common Stock must approve the Merger Agreement. The Company will hold a special meeting of its shareholders to obtain these approvals. This proxy statement contains important information about the Merger, the Merger Agreement, the special meeting of the Company shareholders, and other related matters, and you should read it carefully. The enclosed voting materials for the special meeting allow you to vote your shares of Common Stock without attending the special meeting.

**Q: What will happen in the Merger?**

A: In the proposed Merger, Merger Sub will merge with and into the Company, with the Company being the surviving corporation and becoming a wholly-owned subsidiary of Italmatch.

**Q: What will I receive in the Merger?**

A: If the Merger Agreement is approved and the Merger is subsequently completed, you will be entitled to receive $27.00 in cash, without interest, less any applicable withholding taxes, for each share of Common Stock you own as of the Effective Time.

For example, if you own 100 shares of Common Stock you will receive $2,700.00 in cash in exchange for your shares of Common Stock, less any applicable withholding taxes. You will not own any shares of the capital stock in the surviving corporation.

**Q: What are the material federal income tax consequences of the Merger to me?**

A: In general, you will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash received and your adjusted tax basis in your shares of Common Stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Company stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

**This tax treatment may not apply to all the Company shareholders. We strongly urge you to consult your own tax advisor for a full understanding of the tax consequences of the Merger to you.**

**Q: What are the conditions to completion of the Merger?**

A: The obligations of Italmatch and the Company to complete the Merger are subject to the satisfaction or waiver of certain closing conditions contained in the Merger Agreement, including approval of the Merger Agreement by the holders of at least two-thirds of the outstanding shares of Common Stock.

**Q: When do you expect the Merger to be completed?**

A: We will complete the Merger when all of the conditions to completion contained in the Merger Agreement are satisfied or waived. Some of these conditions, such as third party consents or no change in law which prohibits consummation of the Merger, are not entirely within our control. We currently expect to complete the Merger in December 2017; however, because the Merger is subject to these conditions, we cannot predict the actual timing with certainty.

**Q: When and where is the special meeting?**

A: The special meeting of shareholders of the Company will be held at the Westin Detroit Metropolitan Airport, 2501 Worldgateway Place, Detroit, MI 48242, on December 7, 2017 at 11:00 a.m., local time.

**Q: What will happen at the special meeting?**

A: At the special meeting, the Company shareholders will consider and vote upon a proposal to approve the Merger Agreement. If, at the time of the special meeting, there are not sufficient votes to approve the Merger Agreement, we may ask you to consider and vote upon the adjournment proposal, so that we can solicit additional proxies.

**Q: Who can vote at the special meeting?**

A: Holders of record of the Company's Common Stock at the close of business on November 13, 2017, which is the record date for the special meeting, are entitled to vote at the special meeting.

**Q: What constitutes a quorum for the special meeting?**

A. A quorum will be present if holders of record of a majority of the shares of Common Stock outstanding at the close of business on the record date are present in person or represented by proxy at the special meeting. If a quorum is not present at the special meeting, the special meeting may be adjourned or postponed from time to time until a quorum is obtained.

**Q: What shareholder approvals are required to complete the Merger?**

A: Approval of the Merger Agreement requires the affirmative vote of holders of at least two-thirds of the shares of Common Stock outstanding at the close of business on the record date for the special meeting. A failure to vote your shares of Company stock or an abstention from voting will have the same effect as a vote "**AGAINST**" the proposal to approve the Merger Agreement. Note that you may vote to approve the Merger Agreement and vote not to approve the adjournment proposal and vice versa.

**Q: What shareholder vote is required to approve the other proposals to be voted upon at the special meeting?**

A. The adjournment proposal requires the affirmative vote of holders of a majority of the shares of Common Stock, cast for or against that proposal at the special meeting. Assuming a quorum is present at the special meeting, abstentions, failures to vote and "broker non-votes" will have no effect on the outcome of the adjournment proposal.

**Q: Are there any shareholders already committed to voting in favor of the Merger Agreement?**

A: Yes. Certain large shareholders and the officers and directors of the Company have entered into a Voting Agreement with Italmatch and the Company requiring them to vote all of their shares in favor of approval of the Merger Agreement, subject to the receipt of a Superior Proposal (See the section titled "The Voting Agreement" on page 42 ) . These shareholders collectively held approximately 52.43% of the outstanding shares of Common Stock on the record date.

**Q: Does the Board recommend voting in favor of the Merger Agreement?**

A: Yes. After careful consideration, the Board recommends that the Company shareholders vote **"FOR"** approval of the Merger Agreement. The Board also recommends that shareholders vote "**FOR**" the adjournment proposal.

**Q: What will happen to my stock options under the Company's Equity Plans?**

A: If the Merger is completed, any options you hold, whether or not vested, will be cancelled in exchange for your right to receive a lump sum cash payment equal to the product of (a) the excess, if any, of (i) the $27.00 per share Merger consideration over (ii) the per share exercise price for such option and (b) the total number of shares of Common Stock underlying such option, less applicable taxes required to be withheld.

**Q: How may I vote my shares for the special meeting proposals presented in this proxy statement?**

A: You may vote by attending the special meeting and voting your shares in person, or by completing, signing, dating and returning the proxy card in the enclosed prepaid return envelope as soon as possible. Returning your proxy card in a timely manner will enable your shares to be represented and voted at the special meeting.

**Q: If my shares are held in "street name" by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?**

A: No. Your broker, bank or other nominee ***will not*** vote your shares unless you provide instructions to your broker, bank or other nominee on how to vote. It is important that you provide timely instruction to your broker or bank to ensure that all shares of Company stock that you own are voted at the special meeting. You should fill out the voter instruction form sent to you by your broker, bank or other nominee with this proxy statement.

**Q: What if I fail to return my proxy card or to instruct my broker, bank or other nominee?**

A: If you fail to return your proxy card or to instruct your broker, bank or other nominee to vote your shares, and do not attend the special meeting to vote your shares in person, your shares will not be voted. This will have the same effect as a vote AGAINST approval of the Merger Agreement. Assuming a quorum is present at the special meeting, failures to vote and "broker non-votes" will have no effect on the outcome of the other proposals.

**Q: What do I need to do now?**

A: You should carefully read and consider the information contained in or incorporated by reference into this proxy statement, including its annexes. It contains important information about the Merger, the Merger Agreement, and the Company. After you have read and considered this information, the Company shareholders are requested to vote by mail or by attending the special meeting and voting in person. If you choose to vote by mail, you should complete, sign and date your proxy card and return it in the enclosed postage-paid return envelope as soon as possible so that your shares of Company stock will be represented and voted at the special meeting. The proxy card will instruct the persons named on the proxy card to vote your shares at the special meeting as you direct. If you sign and send in a proxy card and do not indicate how you wish to vote, the proxy will be voted "**FOR**" all of the special meeting proposals.

**Q. What should I do if I receive more than one set of voting materials?**

A. You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold the shares. Please complete, sign, date and return each proxy card and voting instruction card that you receive, or otherwise follow the voting instructions set forth on the proxy card and voting instruction card.

**Q: Can I attend the special meeting and vote my shares in person?**

A: Yes. Although the Board requests that you vote your shares by mail in advance of the special meeting, all the Company shareholders are invited to attend the special meeting. Shareholders of record on November 13, 2017 may vote in person at the special meeting. If your shares are held by a broker, bank or other nominee, then you are not the shareholder of record and you must bring to the special meeting appropriate documentation from your broker, bank or other nominee to enable you to vote at the special meeting.

**Q: Can I change my vote after I have submitted a proxy?**

A: Yes. If you have not voted through your broker, bank or other nominee, there are three ways you can change your vote at any time after you have sent in your proxy card and before your proxy is voted at the special meeting:

- You may file a written revocation of the proxy with the Secretary of the Company, John Hensien, Detrex Corporation, 1000 Belt Line Street, Cleveland, Ohio 44109-2800;

- You may submit a new signed proxy card bearing a later date (any earlier proxies will be revoked automatically); or

- You may attend the special meeting and vote in person provided that you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of the Company as indicated above.

If you have instructed a bank, broker or other nominee to vote your shares, you must follow the directions you receive from your bank, broker or other nominee to change your vote.

**Q: What happens if I sell my shares after the record date but before the special meeting?**

A: The record date of the special meeting is earlier than both the date of the special meeting and the date that the Merger is expected to be completed. If you sell or otherwise transfer your Company shares after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting, but you will transfer the right to receive the Merger consideration to the person to whom you transferred your shares. In order to receive the Merger consideration, you must hold your shares through completion of the Merger.

**Q: Am I entitled to exercise dissenters' rights instead of receiving the Merger consideration for my shares?**

A: Under applicable Michigan corporate law, holders of Common Stock who object to the Merger do not have any appraisal or dissenters' rights.

**Q: Should I send in my stock certificates now?**

A: No. If the Merger is approved, you will receive separate written instructions for surrendering your shares of Company stock in exchange for the Merger consideration. In the meantime, you should retain your stock certificate(s) because they are still valid. Please do not send in your stock certificate(s) with your proxy card.

**Q: Whom should I call with questions?**

A: If you have questions about the Merger or the special meeting, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact the Company's Secretary, John Hensien, Detrex Corporation, 1000 Belt Line Street, Cleveland, Ohio 44109-2800.

**Q: Where can I find more information about the Company?**

A: You can find more information about the Company from the various sources described in the section of this proxy statement titled "Where You Can Find More Information" beginning on page 45.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, including the information incorporated by reference, contains statements that may be considered forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act. These statements, which are based on certain current assumptions, can generally be identified by the use of the words "may," "will," "should," "could," "would," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target" and similar expressions. The Company intends these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is including this statement for purposes of complying with these safe harbor provisions. You should read statements that contain these words carefully because they discuss the relevant company's future expectations, contain projections of the relevant company's future results of operations or financial condition, or state other "forward-looking" information.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- failure of the parties to satisfy the conditions to complete the proposed Merger in a timely manner or at all, which may adversely affect our business and the price of our Common Stock;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement, including a termination under circumstances that could require us to pay a Termination Fee of $2,300,000 to Italmatch;
- the amount of the costs, fees, expenses and charges related to the Merger;
- failure of the shareholders of the Company to approve the Merger Agreement;
- disruptions to our business as a result of the announcement and pendency of the Merger.

Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements can be found in the Company's public filings on the OTCQX website at https://www.otcmarkets.com/stock/DTRX/filings, including the Company's Annual Report for the fiscal year ended December 31, 2016, and Quarterly Report for the quarter ended September 30, 2017. See the section of this proxy statement titled "Where You Can Find More Information" beginning on page 45.

You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement or the date of any document incorporated by reference in this proxy statement. All subsequent written and oral forward-looking statements concerning the Merger or other matters addressed in this proxy statement and attributable to the Company or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, the Company undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

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## THE PARTIES TO THE MERGER AGREEMENT

### Detrex Corporation

The Company is a Michigan corporation that through its subsidiary, The Elco Corporation, manufactures high performance specialty chemicals serving three distinct business areas; namely additives for industrial petroleum products, high purity hydrochloric acid for the semiconductor industry, and specialty chemicals. Elco's petroleum additives are used for enhancing the properties of hydraulic oils, metalworking fluids, gear oils, greases and fuels. The Ultramax® hydrochloric acid product line meets the most demanding semiconductor specifications, and Detrex hydrochloric acid is used in various applications such as pharmaceutical manufacturing. Elco's products are manufactured in Cleveland, Ohio and Ashtabula, Ohio and sold domestically through a direct sales force and globally through agents and distributors. The Company's Common Stock is traded on the OTCQX U.S. Premier trading system under the ticker symbol "DTRX.PK" The Company's principal executive offices are located at 1000 Belt Line Street, Cleveland, Ohio 44109, its telephone number is 216-749-2605, and its website is www.detrex.com.

Additional information about the Company is included in documents incorporated by reference into this proxy statement and our filings available on the OTCQX website at https://www.otcmarkets.com/stock/DTRX/filings, including the Company's Annual Report for the fiscal year ended December 31, 2016, and Quarterly Report for the quarter ended September 30, 2017. See the section of this proxy statement titled "Where You Can Find More Information" beginning on page 45.

### Italmatch USA Corporation

Italmatch is an Illinois corporation active in the distribution of chemical products mostly in North America and holding 100% of the shares of Compass Chemical International LLC, active mainly in the water and oil additives market. Italmatch is a wholly-owned subsidiary of Guarantor, which is the parent company of a global specialty chemicals group with market leadership in additives for Lubricants & Metalworking Fluid ("MWF"), Water & Oil, Plastics and Performance Products (collectively, "Italmatch Group").

Italmatch Group boasts technology leadership in esters for lubricants, especially for industrial applications, with a full range of conventional, complex and polymeric portfolio for gears, MWF and greases. Italmatch Group currently operates 10 manufacturing plants – six across Europe (Italy, Germany, UK and Spain), two across Asia Pacific (China and Japan) and two in US. Italmatch Group also benefits from global sales coverage, with 15 owned logistics and distribution and sales subsidiaries in the U.S., U.K., Spain, Belgium, Poland, Japan, Singapore, India, China and other countries.

Italmatch Group serves global multi-national companies that are leaders in lubricants, detergents, oil & gas, thermoplastics and agrochemicals and that often act as partners for long-term joint developments. Its strength in the sector has mainly been achieved through (i) technology leadership in certain key chemistries, (ii) a strong win-win partnership with the four leading ad pack companies and selected global finished lubricant leaders and (iii) a strong R&D team covering new chemical synthesis as well as lube applicative testing.

Italmatch is currently 81% indirectly owned by funds managed by Ardian France S.A. (Ardian) (www.ardian.com), a world leader in private equity, with assets of more than USD 60 billion managed or advised across Europe, North America and Asia. The remaining 19% stake is owned by Italmatch's management and by a US minority investor.

Additional information about the Italmatch Group is available on www.italmatch.it.

### Cuyahoga Merger Sub, Inc.

Cuyahoga Merger Sub, Inc. a Michigan corporation ("Merger Sub"), is a wholly owned subsidiary of Italmatch, and was formed by Italmatch on October 27, 2017 solely for the purposes of entering into the Merger Agreement and effecting the Merger. Merger Sub has not conducted any business operations other than those incidental to its formation and in connection with the transactions contemplated by the Merger Agreement. Upon completion of the Merger, Merger Sub will cease to exist as a separate entity.

## THE SPECIAL MEETING OF THE SHAREHOLDERS

### Date, Time and Place of the Special Meeting of Shareholders

The special meeting of Detrex Corporation's shareholders will be held at the Westin Detroit Metropolitan Airport, 2501 Worldgateway Place, Detroit, MI 48242, on December 7, 2017 at 11:00 a.m., local time.

### Actions to be Taken at the Special Meeting

At the special meeting, the Company shareholders as of the record date will be asked to consider and vote on the following proposals:

1. To consider and vote upon a proposal to approve the Merger Agreement, pursuant to which Merger Sub will merge with and into the Company, whereupon the separate corporate existence of Merger Sub will cease and the Company will become a wholly-owned subsidiary of Italmatch;

2. To consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the Merger Agreement or in the absence of a quorum, which we refer to as the "adjournment proposal"; and

3. To consider and act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

### Votes Required to Transact Business at the Special Meeting

A quorum of the Company shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of the outstanding shares of Company Common Stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. The Company will include proxies marked as abstentions in determining the presence of a quorum at the special meeting.

The Merger cannot be completed unless the Merger Agreement is approved by holders of at least two-thirds of the outstanding shares of Common Stock.

### Record Date; Outstanding Shares; Shares Entitled to Vote

You can vote at the special meeting if you owned Common Stock at the close of business on November 13, 2017, the record date for the special meeting. As of the close of business on November 13, 2017, there were 1,698,339 shares of Common Stock outstanding. Each holder of Common Stock is entitled to one vote for each share of Common Stock he, she or it owned as of the record date.

### Recommendation of the Company Board of Directors

The Board has approved the Merger Agreement and the transactions contemplated by the Merger Agreement. The Board believes the Merger Agreement is fair to the Company shareholders and is in the best interest of the Company and its shareholders and recommends that you vote your shares as follows:

- "**FOR**" Proposal No. 1 regarding the approval of the Merger Agreement; and

- "**FOR**" Proposal No. 2 regarding the adjournment proposal.

See the section of this proxy statement titled "Proposal No. 1—The Merger—*Recommendation of the Board of Directors and Reasons for the Merger*" beginning on page 20.

**Votes Required to Approve Each Proposal**

***Approval of the Merger Agreement (Proposal 1)***

Approval of this proposal requires the affirmative vote of holders of at least two thirds of the outstanding shares of Common Stock. If you do not vote, either in person or by proxy, it will have the same effect as voting "**AGAINST**" approval of the Merger Agreement. If your shares are held in "street name" by your broker, bank or other nominee and you do not instruct the nominee how to vote your shares, such failure to instruct your nominee will have the same effect as a vote "**AGAINST**" the proposal to approve the Merger Agreement.

***Approval of the Adjournment Proposal (Proposal 2)***

The adjournment proposal requires the affirmative vote of holders of a majority of the shares of Common Stock cast for or against that proposal at the special meeting. Assuming a quorum is present at the special meeting, failures to vote and "broker non-votes" will have no effect on the outcome of the adjournment proposal. If less than a majority of the outstanding shares of Common Stock entitled to vote are present in person or represented by proxy at the special meeting, a majority of the shares of Common Stock present or represented at the meeting may also adjourn the meeting under the Company's bylaws.

**How to Vote Shares Held Directly by the Shareholder**

If you are the record holder of your shares, you may vote your shares by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage paid envelope. If you are the shareholder of record, you may also vote your shares in person at the special meeting. Returning a proxy card will not prevent you from voting your shares in person if you attend the special meeting.

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must bring additional documentation from the broker, bank or other nominee in order to vote your shares.

**How to Vote Shares Held by a Broker, Bank or Other Nominee**

If your shares are held through a broker, bank or other nominee, you may vote your shares by completing, signing and dating the voting instruction form provided to you by your broker, bank or other nominee. You may also be able to vote your shares via telephone or the internet in accordance with the instructions provided by your broker, bank or nominee. To be able to vote shares not registered in your own name in person at the special meeting, you will need appropriate documentation from the record holder of your shares. If you hold your shares in "street name" through a broker or bank, you may only vote or change your vote in person if you have a legal proxy in your name from your broker or bank.

**Broker Non-Votes and Abstentions**

If you are the beneficial owner of shares held in "street name" by a broker and you do not give instructions to the broker on how to vote your shares at the special meeting, your broker ***may not*** vote your shares with respect to any of the proposals. Proxies submitted by a broker that do not exercise this voting authority are also known as "broker non-votes."

An abstention is a decision by a shareholder to take a neutral position on a proposal being submitted to shareholders at a meeting, although taking a neutral position through an abstention is considered a vote cast on a proposal being submitted at a meeting.

**Effect of Broker Non-Votes and Abstentions on Quorum and the Votes Required at the Special Meeting**

Abstentions will be included in determining the presence of a quorum at the special meeting. Broker non-votes will not be included in determining the presence of a quorum at the special meeting.

Abstentions and broker non-votes will have the same effect as a vote "**AGAINST**" the proposal to approve the Merger Agreement, which requires the favorable vote of holders of at least two-thirds of the outstanding shares of Common Stock. Broker non-votes will not have any impact on the outcome of the other proposal. Abstentions will have no effect on the adjournment

proposal, which requires the favorable vote of a majority of the shares of Common Stock present in person or represented by proxy at the special meeting, and actually voted for or against the adjournment proposal.

**How Will Shares be Voted**

All shares represented by valid unrevoked proxies will be voted in accordance with the instructions on the proxy card. If you return a signed proxy card, but make no specification on the card as to how you want your shares voted, your proxy will be voted "**FOR**" approval of the foregoing proposals. The Board is presently unaware of any other matter that may be presented for action at the special meeting of shareholders. If any other matter does properly come before the special meeting, the Board intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

**Revocation of Proxies**

A proxy may be revoked at any time before it is voted at the special meeting by:

- Filing a written revocation of the proxy with the Secretary of the Company, John Hensien, Detrex Corporation, 1000 Belt Line Street, Cleveland, Ohio 44109-2800 ;
- Submitting a new signed proxy card bearing a later date (any earlier proxies will be revoked automatically); or
- Attending and voting in person at the special meeting provided you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of the Company as indicated above.

If you hold your shares in the name of a broker, bank or other nominee, you will need to contact your nominee in order to revoke your proxy. If you hold your shares in street name through a broker or bank, you may only change your vote in person if you have a legal proxy in your name from your nominee, broker or bank.

**Proxy Solicitation**

The Board is soliciting these proxies. The Company will pay the expenses of soliciting proxies to be voted at the special meeting. In addition to sending you this proxy statement, some of the Company's directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail, or in person. We may ask brokerage houses and other custodians and nominees whether other persons are beneficial owners of the Company stock. If so, we will reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of the Company stock.

**Dissenters' Rights**

The Company is organized as a corporation under Michigan law. Under applicable Michigan corporate law, holders of Common Stock who object to the Merger do not have any appraisal or dissenters' rights.

**Stock Certificates**

You should not send in any certificates representing the Company stock at this time. If the Merger Agreement and the Merger are approved by the shareholders, then shortly after the Effective Time, a paying agent will mail a letter of transmittal and instructions to you and the other Company shareholders. The letter of transmittal and instructions will tell you how to surrender your stock certificates in exchange for the Merger consideration. Holders of uncertificated shares of Common Stock (i.e., holders whose shares are held in book-entry form) will automatically receive the Merger consideration, without interest and subject to reduction for any required withholding taxes, as promptly as practicable after the Effective Time without any further action required on the part of those holders, but such holders may, if required by the paying agent, be required to deliver an executed letter of transmittal to the paying agent.

**Proposal to Approve Adjournment of the Special Meeting**

The Company is also submitting a proposal for consideration at the special meeting to authorize the named proxies to approve one or more adjournments of the special meeting if there are not sufficient votes to approve the Merger Agreement at the time of the special meeting. Even though a quorum may be present at the special meeting, it is possible that the Company may not have

received sufficient votes to approve the Merger Agreement by the time of the special meeting. In that event, we would need to adjourn the special meeting in order to solicit additional proxies. The adjournment proposal relates only to an adjournment of the special meeting for purposes of soliciting additional proxies to obtain the requisite shareholder approval to approve the Merger Agreement.

To allow the proxies that have been received by the Company at the time of the special meeting to be voted for an adjournment, if necessary, the Company is submitting a proposal to approve one or more adjournments, and only under those circumstances, to you for consideration. If the new date, time and place is announced at the special meeting before the adjournment, the Company is not required to give notice of the time and place of the adjourned meeting, unless the Board fixes a new record date for the special meeting.

The adjournment proposal relates only to an adjournment of the special meeting occurring for purposes of soliciting additional proxies for approval of the Merger Agreement proposal in the event that there are insufficient votes to approve that proposal. The Board retains full authority to the extent set forth in the Company bylaws and Michigan law to adjourn the special meeting for any other purpose, or to postpone the special meeting before it is convened, without the consent of any of the Company shareholders.

**Share Ownership of Management**

As of the record date, the directors and executive officers of the Company collectively beneficially owned 890,379 shares of Common Stock, or approximately 52.43% of the outstanding Common Stock. Each of these individuals are obligated to vote all of their shares of Common Stock in favor of each of the proposals to be presented at the special meeting pursuant to their Voting Agreement described below. See the section of this proxy statement titled “Certain Beneficial Owners of Common Stock” beginning on page 44 for further information regarding the Common Stock owned by directors and executive officers of the Company and their affiliates.

**Voting Agreement**

Certain large shareholders and the officers and directors of the Company (collectively, the “Voting Agreement Shareholders”) have executed a Voting Agreement with Italmatch and the Company under which they have agreed to vote their shares in favor of the Merger Agreement and have granted Italmatch an irrevocable proxy to so vote their shares. As of the record date, the Voting Agreement Shareholders held 874,379 shares of Common Stock plus 16,000 shares of Common Stock issuable under fully vested stock options , representing approximately 52.43% of the outstanding shares of Common Stock. See the section of this proxy statement titled “The Voting Agreement” beginning on page 42 for further information regarding the Voting Agreement.

**Termination of Company’s Equity Plans**

The 2006 Management Stock Option Plan (the “**Company Equity Plan**”) shall terminate as of the Effective Time and the provisions in any other program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of the Company will be canceled as of the Merger and no participant in the Company Equity Plan or other programs or arrangements shall have any right thereunder to acquire any equity securities of the Company, the surviving corporation, or any subsidiary thereof.

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## PROPOSAL NO. 1 – THE MERGER

### General

Under the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company, with the Company being the surviving corporation and becoming a wholly-owned subsidiary of Italmatch. At the Effective Time, each share of Common Stock issued and outstanding immediately prior to the Effective Time will be canceled and will be converted automatically into the right to receive $27.00 in cash without interest.

### Background of the Merger

In the third quarter of 2013, the Board engaged KeyBanc Capital Markets, Inc. as its financial advisor to assist the Board in evaluating strategic options for the realization of shareholder value for the Company.

At a special meeting of the Board held on June 12, 2015, representatives of KeyBanc discussed their evaluation of the Company's business operations and strategy for improving operational and financial performance, as well as specialty chemicals industry dynamics and current public and private market valuations. The KeyBanc representatives proposed process alternatives to seek interest from the market on behalf of the Board from potential strategic merger candidates. In considering this proposal the Board considered various factors, including the marketplace, the risks attendant to engaging in the process discussed with representatives of KeyBanc, the Company's overall strategic position, the limited liquidity of the Company's stock, and the challenges attendant to improving the Company's financial performance in order to maximize shareholder value. Based upon its examination of these and other factors, the Board concluded that it was in the best interest of the Company and its shareholders to proceed with the transaction strategy discussed with representatives of KeyBanc.

In July, 2015, KeyBanc representatives contacted 10 potential strategic merger candidates to solicit their interest in a transaction with the Company. During July and August of 2015, with the assistance of KeyBanc, the Company prepared a Confidential Information Memorandum concerning the Company and its prospects, which was then distributed by KeyBanc to three potential merger candidates that had executed confidentiality agreements.

In August and September of 2015, Italmatch and one other potential strategic merger candidate attended presentations by the Company's senior management in Cleveland, Ohio regarding the Company's business, financial performance and industry trends and prospects. On September 22, 2015, the Company received an initial proposal from Italmatch to purchase the Company for a price ranging from $28.00 to $30.00 per share. The Board and KeyBanc representatives subsequently met by telephone conference to consider the proposal and possible improvements in the offered terms. On October 8, 2015, KeyBanc received a revised proposal from Italmatch offering $30.00 to $31.50 per share, and on that basis, the Company thereupon entered into an exclusivity agreement with Italmatch.

From October, 2015 through January, 2016, Italmatch and its advisors engaged in due diligence of the Company's business and financial condition, including meetings with certain members of the Company's management team. On January 26, 2016, KeyBanc received a revised proposal from Italmatch to purchase the Company for $29.20 per share. In February, 2016, Italmatch and the Company agreed to suspend transaction negotiations due to the Company's weakening business performance and an inability to agree over certain due diligence findings identified by Italmatch.

From late July, 2016 until March, 2017, Italmatch and the Company and their respective advisors periodically discussed several potential transactions at varying prices depending upon a variety of proposed contingencies and due diligence conditions, none of which were satisfied, and the parties subsequently decided to suspend discussions.

On March 24, 2017, a company that had not previously been part of the process ("Party A") expressed interest in acquiring the Company. Upon signing a confidentiality agreement, Party A was provided an overview presentation concerning the Company. On April 28, 2017, Party A submitted an initial proposal with an offer price per share of $27.30, payable 60% in cash and 40% in Party A's stock. On that basis, the Company entered into an exclusivity period with Party A, which was then provided access to the Company's legal and financial information for its due diligence purposes.

On May 17, 2017, a significant lawsuit was filed against the Company by a third party regarding certain environmental liabilities from a prior transaction. On July 26, 2017, due to this pending litigation, Party A and the Company suspended negotiations and the exclusivity period. As of August 22, 2017, the Company reached a binding settlement agreement which settled the pending litigation against the Company.

On September 7, 2017, KeyBanc received a revised proposal from Party A to purchase the Company for $27.30 per share, payable 62% in cash and 38% in Party A's stock. On September 11, 2017, KeyBanc received a revised proposal from Italmatch to purchase the Company for $27.00 per share in cash. On September 12, 2017, Italmatch agreed to assume more than $1.1 million of costs and liabilities incremental to its LOI offer on September 11, 2017. On that basis, the Company entered into an exclusivity agreement with Italmatch, which was subsequently extended on October 1, 2017, October 13, 2017, November 3, 2017, and November 9, 2017.

On November 2, 2017, the Company's legal counsel again reviewed with the Board the material terms of the proposed Merger Agreement with Italmatch and the Board's fiduciary obligations in connection with the proposed Merger and responded to questions from the directors. The Company's legal counsel advised the Board that Italmatch's draft Merger Agreement restricted the Company from soliciting a Competing Proposal, subject to a "fiduciary out" for an unsolicited Superior Proposal, which required the Company to pay a termination fee of $2,300,000 in the event the Merger Agreement was terminated as a result of the Board's decision to pursue such a proposal.

The Board then met by telephone conference on November 10, 2017 to review KeyBanc's financial analyses supporting its opinion to the Board as to the fairness, from a financial point of view, to the holders of the Company's Common Stock of the consideration to be received by those holders under the term of the Italmatch offer. KeyBanc then rendered an oral opinion to the Board, subsequently confirmed by delivery of a written opinion, dated November 10, 2017 to the effect that, as of that date, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by KeyBanc as set forth in its written opinion, the Merger consideration to be received by the holders of the Company's Common Stock was fair, from a financial point of view, to those holders.

Following these discussion, the Board unanimously determined that the proposed Merger Agreement and the Merger were fair to, and in the best interests of, the Company and its shareholders, approved the Merger Agreement and related actions and voted unanimously to recommend that the Company's shareholders approve the Merger Agreement.

The Company and Italmatch issued a joint press release publicly announcing the transaction on November 14, 2017.

**Recommendation of the Board of Directors and Reasons for the Merger**

In its evaluation of the Merger, the Board reviewed and discussed the transaction with the Company's management and legal and financial advisors. In determining that the Merger was advisable and fair to, and in the best interests of, the Company and its shareholders and reaching its conclusion to approve the Merger Agreement (including the plan of Merger), the Board considered a number of factors, including, among others, the following:

- the Board's knowledge of the current and prospective environment in which the Company operates, including the current global consolidation of the chemical industry and the increasing difficulty of competing as a smaller company in a consolidating industry, national and local economic conditions, the Company's overall strategic position, and the challenges attendant to improving the Company's financial performance in order to maximize shareholder value and the likely effect of these factors on the Company's potential growth, development, profitability and strategic options;

- the Board's understanding of the Company's business, operations, management, financial condition, earnings and prospects;

- the opportunity presented by the Merger to provide liquidity to the Company's shareholders with respect to their holdings of Company stock;

- the increasing costs of trading on the OTCQX and related disclosure requirements, relative to the size of the Company;

- the Board's assessment of the strategic and financial alternatives reasonably available to the Company, and the risks and uncertainties associated with those alternatives, none of which were deemed likely to result in value to the Company's shareholders that would exceed, on a present-value basis, the value of the Merger consideration;

- the review by the Board with the Company's management and advisors of the structure of the Merger and the financial and other terms of the Merger Agreement, including the Merger consideration in relation to the current market price of the Company's Common Stock and the historical, present and anticipated future operating results and financial position of the Company;

- the fact that the value of the Merger consideration as of November 10, 2017 of $27.00 per share represented a 8% premium over the price of the Company's Common Stock of $25 on November 9, 2017, the last trading day concluded before the Company and Italmatch entered into the Merger Agreement;

- while the Merger Agreement contains a covenant prohibiting the Company from soliciting third-party acquisition proposals, the Merger Agreement permits the Company, prior to the time that the Company's shareholders approve the Merger Agreement and the Merger, to discuss and negotiate, under specified circumstances, an unsolicited acquisition proposal should one be made and, if the Board determines in good faith, after consultation with its legal and financial advisors, that the unsolicited acquisition proposal constitutes a Superior Proposal within the meaning of the Merger Agreement and that the failure to pursue such Superior Proposal would be inconsistent with the Board's fiduciary duties under applicable law, the Board is permitted, after taking certain steps, to terminate the Merger Agreement in order to enter into a definitive agreement for that Superior Proposal, subject to payment of a termination fee of $2,300,000 to Italmatch;

- the Merger Agreement allows the Board, prior to the time that the Company's shareholders approve the Merger Agreement and the Merger, to change or withdraw its recommendation of the Merger Agreement in response to a Superior Proposal or any change, event, or occurrence that becomes known to the Board and was not known to the Board when the Merger Agreement was entered into, in each case if the Board determines in good faith, after consultation with its outside legal counsel, that the failure to change or withdraw its recommendation would be inconsistent with the Board's fiduciary duties under applicable law;

- the likelihood that the Merger will be completed, based on, among other things:

  - the absence of a due diligence or financing condition in the Merger Agreement and the representation of Italmatch in the Merger Agreement as to its financing;

  - the conditions to closing contained in the Merger Agreement, which are customary in number and scope, and which, in the case of the condition related to the accuracy of the Company's representations and warranties, are generally subject to a "Company Material Adverse Effect" qualification; and

  - the likelihood that the shareholder approvals needed to complete the Merger will be obtained in a timely fashion.

- The financial analysis reviewed by representatives of KeyBanc with the Board as well as the oral opinion of KeyBanc, which was subsequently confirmed by delivery of a written opinion dated November 10, 2017, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications on the scope of review undertaken by KeyBanc as set forth in its written opinion, as to the fairness, from a financial point of view, to the holders of our Common Stock of the per share Merger consideration to be received by those holders in the Merger pursuant to the Merger Agreement, as more fully described below under "The Merger—*Opinion of the Company's Financial Advisor*" beginning on page 22. A copy of KeyBanc's fairness opinion is attached to this proxy statement as *Annex* C.

The Board also considered a variety of potentially negative factors in its deliberations concerning the Merger Agreement and the Merger, including, among others, the following:

- the potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the Merger and the potential effect on the Company's business and relations with customers, service providers and other stakeholders, whether or not the Merger is completed;

- the requirement that the Company conduct its business in the ordinary course and the other restrictions on the conduct of the Company's business prior to completion of the Merger, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the Merger;

- the possibility, though unlikely from the Company's perspective, that the Merger does not close (including as a result of events outside of either party's control) and that the Company will incur substantial transaction costs even if the Merger is not consummated;

- the fact that the Company will lose the autonomy associated with being an independent chemical company;

- the fact that the shareholders will have no ongoing equity participation in the Company following the Merger, and that such shareholders will cease to participate in the Company's future earnings or growth, if any, and will not participate in any potential future sale of the Company to a third party;

- the fact that certain provisions of the Merger Agreement prohibit the Company from soliciting, and limit its ability to respond to, proposals for alternative transactions;

- the fact that the Merger Agreement entitles Italmatch to terminate the Merger Agreement if, among other things, the Company commences negotiations regarding an alternative acquisition proposal and obligates the Company to pay to Italmatch a termination fee of $2.3 million (approximately 3% of the transaction value) if the Company recommends or accepts an alternative acquisition proposal, which may deter others from proposing an alternative transaction that may be more advantageous to the Company's shareholders; and

- the receipt of cash by shareholders in exchange for their of Common Stock pursuant to the Merger will be a taxable transaction to Company shareholders for U.S. federal income tax purposes.

The discussion of the information and factors considered by the Board is not exhaustive, but includes all material factors considered by the Board. In view of the wide variety of factors considered by the Board in connection with its evaluation of the Merger and the complexity of these matters, the Board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Board evaluated the factors described above with the Company's management and legal and financial advisors. In considering the factors described above, individual members of the Board may have given different weights to different factors. The Board realized there can be no assurance about future results, including results expected or considered in the factors listed above. However, the Board concluded the potential positive factors outweighed the potential risks of completing the Merger. It should be noted that this explanation of the Board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section of this proxy statement titled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 13.

During its consideration of the Merger described above, the Board was also aware that some of its directors and executive officers may have interests in the Merger that are different from or in addition to those of its shareholders generally, as described in the section of this proxy statement titled "Proposal No. 1—The Merger—*Interests of Directors and Executive Officers in the Merger*" beginning on page 28.

**Opinion of the Company's Financial Advisor**

We retained KeyBanc to act as our financial advisor in connection with the Merger. In selecting KeyBanc, we considered, among other things, the fact that KeyBanc was a reputable investment banking firm with substantial experience advising companies in the chemical sector and in providing strategic advisory services in general.

On November 10, 2017, KeyBanc rendered an oral opinion to the Board, which was subsequently confirmed in a written opinion as of the same date, as to the fairness, from a financial point of view, to the holders of our Common Stock as of that date, and based upon and subject to the assumptions made, matters considered and limitations and qualifications upon the review undertaken by KeyBanc, of the Merger consideration per share of our Common Stock to be received by those shareholders in the Merger pursuant to the Merger Agreement.

**The full text of KeyBanc's written opinion, dated November 10, 2017, is attached to this proxy statement as *Annex C*. You should read KeyBanc's opinion carefully and in its entirety for a discussion of, among other things, the scope of the review undertaken and the assumptions made, procedures followed, matters considered and qualifications and limitations upon the review undertaken by KeyBanc in connection with its opinion. This summary is qualified in its entirety by reference to the full text of the opinion. KeyBanc's opinion was directed to the Board, in its capacity as the Board, and addressed only the fairness from a financial point of view, as of the date of the opinion, to the holders of our Common Stock of the consideration to be received by those shareholders in the Merger pursuant to the Merger Agreement. It does not constitute a recommendation as to how any shareholder should vote with respect to the Merger or any other matter, and does not in any manner address the price at which our Common Stock will trade at any time.**

In connection with rendering its opinion, KeyBanc, among other things:

- reviewed a draft of the Merger Agreement dated November 10, 2017, which KeyBanc understood was in substantially final form;
- reviewed certain publicly available business and financial information relating to us that KeyBanc deemed to be relevant;
- reviewed certain other internal information, primarily financial in nature, concerning our business and operations;
- reviewed certain publicly available information concerning the trading of, and the trading market for, our Common Stock;
- reviewed certain publicly available information concerning Italmatch and its financing sources;
- reviewed certain publicly available information with respect to certain other publicly traded companies that KeyBanc believed to be comparable to the Company;
- reviewed certain publicly available information and other information known to KeyBanc concerning the nature and terms of certain other transactions that KeyBanc considered relevant to its inquiry;
- met with certain officers and employees of the Company to discuss the business, financial condition, operations and prospects of the Company, as well as other matters considered relevant to its inquiry; and
- performed such other financial studies and analyses and considered such other data and information as KeyBanc deemed appropriate.

KeyBanc assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it by the Company and Italmatch and their respective representatives and advisors and from other sources. KeyBanc did not independently verify (and has not assumed any obligation to verify) any information or undertake an independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of the Company or Italmatch, nor was KeyBanc furnished with any valuation or appraisal. KeyBanc did not evaluate the solvency or fair value of the Company or Italmatch under any state or federal laws relating to bankruptcy, insolvency, or similar matters. KeyBanc also assumed that all material governmental, regulatory, or other approvals and consents required in connection with the consummation of the Merger would be obtained and that in connection with obtaining any necessary governmental, regulatory, or other approvals and consents, no restrictions, terms, or conditions would be imposed that would be material to its analysis. KeyBanc also assumed that the Merger would be consummated in accordance with the terms of the Merger Agreement, without any waiver, modification, or amendment of any terms, condition, or agreement that would be material to its analysis, that the representations and warranties of each party contained in the Merger Agreement would be true and correct in all material respects, that each party would perform all of the covenants and agreements required to be performed by it under the Merger Agreement, and that all conditions to the consummation of the Merger would be satisfied without waiver or modification. KeyBanc relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to KeyBanc that would be material to its analyses or its opinion, and that there was no information or any facts that would make any of the information reviewed by KeyBanc incomplete or misleading. Furthermore, KeyBanc has not assumed any obligation to conduct, and has not conducted, any physical inspection of the properties or facilities of, or managed by, the Company or Italmatch.

KeyBanc's opinion is necessarily based upon financial, economic, market and other conditions and circumstances as they existed and could be evaluated, and the information made available to KeyBanc, as of the date of its opinion. KeyBanc did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion.

KeyBanc's opinion does not constitute a recommendation as to any action the Board should take in connection with the Merger or the other transactions contemplated by the Merger Agreement or any aspect thereof and is not a recommendation to any director of the Company, any security holder or other party on how that person should act or vote with respect to the Merger or related transactions and proposals or any other matter. KeyBanc's opinion relates solely to the fairness, from a financial point of view, of the Merger consideration to be received by the holders of the Company Common Stock in the Merger pursuant to the Merger Agreement. KeyBanc expressed no opinion as to the relative merits of the Merger and any other transactions or business strategies discussed by the Board as alternatives to the Merger or the decision of the Board to recommend the Merger, nor did KeyBanc express any opinion on the structure, terms or effect of any other aspect of the Merger or any other transaction contemplated by the Merger Agreement. In

addition, KeyBanc did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the Company's officers, directors, or employees, or any class of those persons, in connection with the Merger relative to the proposed consideration per share of Company Common Stock to be received by holders of Company Common Stock. KeyBanc is not an expert in, and KeyBanc's opinion did not address, any of the legal, tax or accounting aspects of the Merger, including, without limitation, whether or not the Merger or the other transactions contemplated by the Merger Agreement constitute a change of control under any contract or agreement to which the Company or any of its subsidiaries is a party. KeyBanc relied on the Company's legal, tax and accounting advisors for those matters.

The summary set forth below does not purport to be a complete description of the financial analyses performed by KeyBanc, but describes, in summary form, the material elements of the presentation that KeyBanc made to the Board on November 10, 2017, in connection with KeyBanc's opinion. The following is a summary of the material financial analyses performed by KeyBanc in arriving at its opinion. These summaries of financial analyses alone do not constitute a complete description of the financial analyses KeyBanc employed in reaching its conclusion.

KeyBanc's opinion was only one of many factors considered by the Board in evaluating the proposed Merger. Neither KeyBanc's opinion nor its financial analyses were determinative of the Merger consideration or of the views of the Board or our management with respect to the Merger consideration or the Merger. None of the analyses performed by KeyBanc were assigned a greater significance by KeyBanc than any other, nor does the order of analyses described represent relative importance or weight given to those analyses by KeyBanc. The summary text describing each financial analysis does not constitute a complete description of KeyBanc's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by KeyBanc. The summary text set forth below does not represent and should not be viewed by anyone as constituting conclusions reached by KeyBanc with respect to any of the analyses performed by it in connection with its opinion. Rather, KeyBanc made its determination as to the fairness, from a financial point of view, to the Company's common shareholders of the Merger consideration to be received by those shareholders in the Merger pursuant to the Merger Agreement on the basis of its experience and professional judgment after considering the results of all of the analyses performed.

Except as otherwise noted, the information utilized by KeyBanc in its analyses, to the extent that it is based on market data, is based on market data as it existed on or before November 10, 2017 and is not necessarily indicative of current market conditions. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which any securities may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions, and other factors that influence the price of securities.

In conducting its analysis, KeyBanc used two primary methodologies to review the valuation of the Company on a stand-alone basis, to assess the fairness, from a financial point of view, to the Company's common shareholders of the Merger consideration to be received by those shareholders in the Merger pursuant to the Merger Agreement. KeyBanc considered the Merger consideration to be received by the shareholders of the Company on a fully-diluted basis. Specifically, KeyBanc conducted comparable publicly traded companies analyses and precedent transaction analyses. No individual methodology was given a specific weight, nor can any methodology be viewed individually. Additionally, no company or transaction used in any analysis as a comparison is identical to the company or the Merger, and they all differ in material ways. Accordingly, an analysis of the results described below involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the selected companies or precedent transactions to which they are being compared. As a consequence, mathematical derivations (such as the high, low, mean and median) of financial data are not by themselves meaningful and in selecting the ranges of multiples to be applied were considered in conjunction with experience and the exercise of judgment. KeyBanc used these analyses to determine the impact of various operating metrics on the implied value per common share of the Company. Each of these analyses yielded a range of implied values, and the implied value ranges developed from these analyses were viewed by KeyBanc collectively and not individually.

**Summary of Financial Analyses of the Company's Financial Advisor**

***Analysis of Comparable Publicly Traded Companies***

KeyBanc reviewed and compared certain publicly available financial information, valuation multiples, and market trading data relating to the Company and selected publicly traded companies that KeyBanc believed, based on its experience with companies in the specialty chemicals industry, to be similar to the Company's current operations for purposes of this analysis. Financial data of the selected companies were based on public filings and other publicly available information. As used in this summary, (1) "EBITDA" refers to earnings before interest, taxes, depreciation and amortization, adjusted to exclude nonrecurring and other similar items and one-time charges, (2) "FCF" refers to free cash flows or EBITDA less capital expenditures and (3) "EV" refers to aggregate enterprise

value, calculated as equity value, plus book value of total debt, including underfunded pension liability, plus non-controlling interest (as appropriate for the company being analyzed), less cash, cash equivalents and marketable securities.

KeyBanc reviewed data, including EV as a multiple of the last twelve months (which we refer to as "LTM") and estimated calendar year 2017 Adjusted EBITDA based on consensus Wall Street analyst research (which we refer to as "Street consensus"), of the Company and each of the following selected publicly traded companies in the specialty chemicals industry, the operations of which KeyBanc deemed similar for purposes of this analysis, based on its professional judgement and experience, which companies we refer to as "Peers". The multiples for each of the selected companies were calculated using their respective closing prices on November 9, 2017 and were based on the most recent publicly available information and Street consensus estimates.

- CSW Industrials, Inc.
- Innospec, Inc.
- KMG Chemicals
- New Market Corporation
- Quaker Chemical Corporation

With respect to the Company's comparable companies, the information KeyBanc presented to the Company's Board included multiples of EV to Adjusted EBTIDA for LTM and 2017 (which we refer to in the table below as "EV / LTM Adjusted EBITDA" and "EV / 2017E Adjusted EBITDA", respectively) and EV to FCF (which we refer to in the table below as "EV / LTM FCF" and "EV / 2017E FCF", receptively). For comparison purposes, KeyBanc utilized the information regarding the Company's estimated fiscal 2017 results, as provided to KeyBanc by the Company and described below in the section of this proxy statement titled "Proposal No. 1 – The Merger – *Estimated Fiscal 2017 Results*" beginning on page 27. Due to size, liquidity, end market, and geographic concentration, KeyBanc applied a 30% discount to the median results of the aforementioned multiples.

| | **EV/LTM Adjusted EBITDA** | **EV/2017E Adjusted EBITDA** | **EV/LTM FCF** | **EV/2017E FCF** |
|---|---|---|---|---|
| **Median**[(1)] | 8.9x | 8.3x | 10.5x | 10.3x |

(1) Includes a 30% discount due to size, liquidity, end market and geographic concentration

This analysis indicated the following implied per share equity value reference range for each share of the Company's Common Stock, as compared to the consideration to be received by the Company's common shareholders in the Merger, rounded to the nearest $0.25:

| **EV/LTM Adjusted EBITDA** | **EV/2017E Adjusted EBITDA** | **EV/LTM FCF** | **EV/2017E FCF** | **Merger Consideration** |
|---|---|---|---|---|
| $25.25 - $29.00 | $24.00 - $27.75 | $25.00 - $28.25 | $26.00 - $29.25 | $27.00 |

No company utilized in the selected publicly traded companies analysis is identical to the Company. In evaluating selected publicly traded companies, KeyBanc made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters which are beyond the Company's control, such as the impact of competition on the Company and the industry generally, industry growth, and the absence of any material adverse change in the financial condition and prospects of the Company or the specialty chemicals industry, or in the financial markets in general.

KeyBanc's analyses of comparable publicly traded companies included its review of the historical EV to LTM EBITDA (which we refer to in the table below as "EV / LTM EBITDA") valuation multiples for the Peers from November 9, 2012 to November 9, 2017. KeyBanc noted that the average valuation multiple from November 9, 2012 to November 9, 2017 of the Peers was 10.7x EV/LTM EBITDA. KeyBanc applied a 30% discount to the five-year average due to size, liquidity, end market, and geographic concentration, resulting in a EV/LTM EBITDA multiple of 7.5x. This analysis indicated the following implied per share equity value reference range for each share of the Company's Common Stock, as compared to the consideration to be received by the Company's common shareholders in the Merger, rounded to the nearest $0.25:

| **EV / LTM EBITDA** | **Merger Consideration** |
|---|---|
| $20.00 - $23.50 | $27.00 |

KeyBanc also reviewed publicly available equity research analysts' share price targets for certain comparable publicly traded companies as of November 9, 2017 to calculate an implied EV to LTM EBITDA (which we refer to in the table below as "EV / LTM EBITDA"). KeyBanc discounted the share price targets to the present using each respective Peer's cost of equity to calculate an implied enterprise value. KeyBanc noted that the median valuation multiple of the Peers was 12.2x EV / LTM EBITDA. KeyBanc applied a 30% discount to the EV / LTM EBITDA due to size, liquidity, end market, and geographic concentration, resulting in a EV / LTM EBITDA multiple of 8.5x. This analysis indicated the following implied per share equity value reference range for each share of the Company's Common Stock, as compared to the consideration to be received by the Company's common shareholders in the Merger, rounded to the nearest $0.25:

| **EV / LTM EBITDA** | **Merger Consideration** |
|---|---|
| $23.50 - $27.25 | $27.00 |

***Analysis of Selected Precedent Transactions***

KeyBanc also performed an analysis of selected precedent transactions involving specialty chemicals companies that shared certain characteristics with the Merger. Based on publicly available information and information known to KeyBanc, KeyBanc identified 11 publicly announced or completed transactions involving specialty chemicals companies occurring since 2012. KeyBanc analyzed EV to LTM EBITDA and EV to FCF (for the 12 month period prior to the public announcement of each respective transaction) for each of these transactions for comparison purposes. The selected transactions and corresponding data were as follows:

| **Closed Date** | **Acquirer** | **Target** |
|---|---|---|
| Pending | Quaker Chemical | Houghton International |
| April 24, 2017 | LANXESS Aktiengesellschaft | Chemtura Corporation |
| February 1, 2017 | Altana | PolyAd Services |
| November 18, 2016 | American Securities | Chromaflo Technologies |
| February 22, 2016 | Polymer Solutions Group | Flow Polymers |
| July 30, 2015 | Quaker Chemical | Verkol |
| November 3, 2014 | Quaker Chemical | Binol |
| August 15, 2014 | Quaker Chemical | ECLI Products |
| May 1, 2013 | SK Capital Partners | Addivant |
| November 7, 2012 | GULF Oil | Houghton International |
| April 4, 2012 | Dubois Chemicals | Galaxy Associates |

KeyBanc noted that the median EV/LTM EBTIDA and EV/FCF valuation multiples for the selected precedent transactions were 8.6x and 10.0x, respectively. This analysis indicated the following implied per share equity value reference range for each share of the Company's Common Stock, as compared to the consideration to be received by the Company's common shareholders in the Merger, rounded to the nearest $0.25:

| **EV / LTM EBITDA** | **EV / LTM FCF** | **Merger Consideration** |
|---|---|---|
| $24.00 - $27.50 | $23.50 - $26.50 | $27.00 |

No company or transaction utilized as a comparison in the analysis of selected precedent transactions is identical to the Company or directly comparable to the Merger in business mix, timing and size. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that would affect the value of the companies to which the Company is being compared. In evaluating the selected precedent transactions, KeyBanc made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters which are beyond the Company's control, such as the impact of competition on the Company and the industry generally, industry growth and the absence of any adverse material change in the financial conditions and prospects of the Company or the industry or the financial markets in general.

***Miscellaneous***

In connection with KeyBanc's services as the Company's financial advisor, the Company will pay KeyBanc an aggregate fee of approximately $1,400,000, of which $450,000 was payable upon delivery of its opinion, and the remaining portion of which is

payable upon, and subject to, consummation of the Merger. In addition, the Company has agreed to reimburse KeyBanc for certain of its expenses and to indemnify KeyBanc and related persons against various potential liabilities, including certain liabilities that may arise in connection with KeyBanc's engagement.

In the two years prior to the date of KeyBanc's opinion, KeyBanc did not have any material relationships, nor were any material relationships mutually understood to be contemplated, in which any compensation was received or was intended to be received by KeyBanc as a result of any such relationship with the Company or Italmatch or any of their respective affiliates in connection with the provision of any financial advisory or financing services by KeyBanc to any such parties.

KeyBanc, as part of its investment banking business, is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, and private placements. In the ordinary course of business, certain of KeyBanc's employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, the Company, Italmatch or any other party that may be involved in the Merger and their respective affiliates or any currency or commodity that may be involved in the Merger. KeyBanc or its affiliates may provide investment and corporate banking services to the Company, Italmatch and their respective affiliates in the future, for which KeyBanc or its affiliates may receive customary fees. KeyBanc provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold securities, including, without limitation, derivative securities, of the Company, Italmatch, or their respective affiliates for its own account and for the accounts of customers.

**Estimated Fiscal 2017 Results**

The Company does not as a matter of course make public financial projections or estimates as to future revenues, earnings or other results given, among other reasons, the uncertainty, unpredictability and subjectivity of the underlying assumptions and estimates. However, in connection with their consideration of the Merger, certain forward-looking financial information prepared by the Company's management was provided to KeyBanc, consisting of the Company's estimated fiscal 2017 results, which were based on Company management's fourth quarter 2017 budget estimates (which we refer to as the "Estimates") in addition to the Company's actual results during the first three quarters of 2017. We have included the Estimates in this proxy statement to give our shareholders access to certain nonpublic information considered by the Board and KeyBanc for purposes of considering and evaluating the Merger, but not to influence the decision of shareholders whether to vote for or against the approval of the Merger Agreement and the Merger. The inclusion of this information should not be regarded as an indication that the Board, KeyBanc, or any other recipient of this information considered, or now considers, this information to be material or a reliable prediction of future results.

The Estimates are subjective in many respects. Although presented with numerical specificity, the Estimates reflect and are based on numerous assumptions and estimates with respect to industry performance, general business, economic, political, market and financial conditions, competitive uncertainties, and other matters, all of which are difficult to predict and beyond the Company's control. As a result, there can be no assurance that these Estimates will be realized or that actual results will not be significantly higher or lower than projected. The Estimates are forward-looking statements and should be read with caution. See the section of this proxy statement titled "Cautionary Statement Regarding Forward-Looking Statements" on page 13. The Estimates reflect assumptions as to certain business matters that are subject to change.

The Estimates were prepared to assist the Board in evaluating the Merger and not with a view toward public disclosure or toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of projections. The Company's independent registered public accounting firm has not examined or compiled any of the Estimates, expressed any conclusion or provided any form of assurance with respect to the Estimates and, accordingly, assumes no responsibility for them. The Estimates should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding the Company contained in the Company's public filings. Readers of this proxy statement are cautioned not to place undue reliance on the specific portions of the Estimates set forth below. No one has made or makes any representation to any shareholder regarding the information included in these Estimates. The Estimates do not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the Merger Agreement. Further, the Estimates do not take into account the effect of any failure of the Merger to occur and should not be viewed as accurate or continuing in that context. **Except as may be required by applicable securities laws, the Company does not intend to update, or otherwise revise, the Estimates or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.**

For the foregoing reasons, as well as the bases and assumptions on which the Estimates were compiled, the inclusion of specific portions of the Estimates in this proxy statement should not be regarded as an indication that the Estimates are an accurate prediction of future events, and they should not be relied on as such.

The following is a summary of the Estimates (in thousands):

| | Fiscal Year Ending December 31, 2017[a] |
|---|---|
| Revenue | $40,156 |
| Adjusted EBITDA[b] | $6,505 |
| Free Cash Flow[c] | $5,505 |

[a] Fiscal 2017 represents actual financial information from the first, second and third quarter 2017, and estimated financial information for the fourth quarter 2017. Costs related to the Merger were not included in fiscal 2017.

[b] Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude nonrecurring and other similar items and one-time charges. Adjusted EBITDA is a non-GAAP measure.

[c] Free Cash Flow represents Adjusted EBITDA minus capital expenditures. Fiscal 2017 capital expenditures represents actual capital expenditures from the first, second and third quarter 2017, and estimated capital expenditures for the fourth quarter 2017.

**Termination of OTC Trading of Common Stock Following the Merger**

If the Merger is completed, the Company's Common Stock will no longer be traded on the OTCQX system and we will no longer file periodic reports with the OTCQX regarding the Company's Common Stock.

**Interests of Directors and Executive Officers in the Merger**

In considering the recommendation of the Board that you vote to approve the Merger Agreement, you should be aware that directors and executive officers of the Company have financial interests in the Merger that may be different from, or in addition to, those of the Company shareholders generally. The independent members of the Board were aware of and considered these potential interests, among other matters.

As described in more detail below, these interests include certain payments and benefits that may be provided to directors and executive officers of the Company upon completion of the Merger or upon termination of their employment under certain circumstances following the Merger, including accelerated vesting of stock options, cash severance in the case of a qualifying termination of employment in connection with or following a change in control (which will include the completion of the Merger), and continued indemnification and insurance coverage under the Merger Agreement for a period of six (6) years following the Effective Time.

The dates and share prices used below to quantify these interests have been selected based upon applicable disclosure requirements and are for illustrative purposes only. They do not necessarily reflect the dates on which certain events will occur and do not represent a projection about the future value of Common Stock.

***Share Ownership of Directors and Executive Officers***

As of November 13, 2017, the record date for the special meeting of the Company shareholders, the directors and executive officers of the Company may be deemed to be the beneficial owners of 890,379 shares of Common Stock (including vested options), representing 52.43% of the outstanding shares of Common Stock.

***Indemnification***

Under the Merger Agreement, Italmatch has agreed that all rights to indemnification and all limitations of liability existing in favor of any director or officer of the Company or any of its subsidiaries, as provided in the articles of incorporation and bylaws of the Company, similar governing documents of a Company subsidiary or in applicable law as in effect on the date of the Merger Agreement with respect to matters occurring on or prior to the Effective Time will survive the Merger for a period of six (6) years following the Effective Time.

***Directors' and Officers' Insurance***

The Merger Agreement provides for Italmatch to cause the Company to maintain in effect its directors' and officers' liability insurance coverage existing prior to the Effective Time. This requirement will remain for six years following the Effective Time.

***Benefits on Change of Control***

*Executive Agreements with Change in Control Benefits*. Under his Employment Agreement with the Company, Thomas E. Mark, the Company's Chairman of the Board, President and Chief Executive Officer, will receive a lump sum cash payment of $180,000 upon completion of the Merger. Thomas E. Mark is also receiving $764,000 in severance benefits pursuant to his Employment Agreement with the Company.

The Company's wholly-owned subsidiary, The Elco Corporation, also sponsors various incentive and severance pay plans for the benefit of certain officers and employees of Elco that pay benefits in connection with a change in control. The closing of the Merger will constitute a change in control for purposes of such plans.

Under (a) *The Elco Corporation Senior Management Severance Pay Plan*, (b) the *Elco Corporation Performance Incentive Program*, and (c) *The Elco Corporation Sale Transaction Incentive Program*, participants in each such plan will receive the compensation indicated in the *Potential Change in Control Compensation* table on page 29 upon the completion of the Merger.

In addition, under *The Elco Corporation President Severance Pay Plan*, Douglas A. Church is eligible for severance benefits of $322,000 in the event of involuntary termination or adverse change in employment conditions as indicated in the *Potential Change in Control Compensation* table on page 29.

Assuming the Merger is completed in 2017, the Company believes that none of the payments to the named executive officers and other executive officers under these agreements will be "excess parachute payments" pursuant to Internal Revenue Code of 1986 Section 280G.

***Settlement of Executive Officers' and Directors' Equity-Based Awards***

*Stock Options.* All stock options issued to the Company directors and executive officers under the Company's 2006 Stock Option Plan will become fully vested upon a change in control transaction. As of the date of this proxy statement, the Company's directors and executive officers (as a group) hold options to acquire an aggregate of 16,000 shares of Common Stock, all of which are vested. Under the terms of the Merger Agreement, upon closing of the Merger, all stock options will be cancelled and the holder will receive, for each share subject to an option, cash equal to $27.00 less the exercise price for the option, net of all applicable withholding taxes.

***Summary of Merger-Related Executive Compensation Arrangements***

The following table sets forth the aggregate dollar value of the various elements of compensation that each named executive officer of the Company would receive that is based on or otherwise relates to the Merger, assuming the Merger closes on or before December 31, 2017.

**Potential Change in Control Compensation**

| Name | Cash Severance[(1)] | Cash Incentive[(2)] | Total[(3)] |
|---|---|---|---|
| Thomas E. Mark | 764,000 | 180,000 | 944,000 |
| Douglas A. Church | 322,000 | 203,000 | 525,000 |
| Robert Lunoe | 209,500 | 90,200 | 299,700 |

(1) Some of the amounts listed in this column are subject to a "double trigger" and payable only if the executive's employment with the Company is terminated by the Company without "cause" or by the executive for "good reason" within one year following the completion of the Merger.

(2) All amounts listed in this column are payable upon a change in control and are not conditioned upon termination of the executive's employment.

(3) The amounts listed in this column represent the total change in control payments that could be made to each named executive officer.

**Board Approval**

The Board determined that the Merger, the Merger Agreement (including the plan of Merger) and the transactions contemplated by the Merger Agreement are advisable, fair to, and in the best interests of, Company and its shareholders. **Accordingly, the Board unanimously approved the Merger Agreement (including the plan of Merger) and the transactions contemplated by the Merger Agreement.**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" APPROVAL OF THE MERGER AGREEMENT ATTACHED AS ANNEX A, AND THE MERGER CONTEMPLATED THEREBY.**

## PROPOSAL 2: VOTE ON POSSIBLE ADJOURNMENT TO SOLICIT ADDITIONAL PROXIES, IF NECESSARY

The special meeting may be adjourned to another time and place to permit further solicitation of proxies, if necessary, to obtain additional votes to approve the proposal to approve the Merger Agreement. The Company currently does not intend to propose adjournment of the special meeting if there are sufficient votes to approve the proposal to approve the Merger Agreement.

The Company is asking you to authorize the holder of any proxy solicited by the Board to vote in favor of any adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the proposal to approve the Merger Agreement at the time of the special meeting.

**THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE ADJOURNMENT PROPOSAL.**

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

## THE MERGER AGREEMENT

The following is a brief summary of the significant provisions of the Merger Agreement by and among Italmatch, Merger Sub and the Company. The summary is not complete and is qualified in its entirety by reference to the Merger Agreement, which is attached to this proxy statement as *Annex A* and is incorporated into this proxy statement by reference. You should read the Merger Agreement carefully and in its entirety.

### Structure of the Merger

The Merger Agreement provides for the Merger of Merger Sub with and into the Company. The surviving corporation in the Merger will be the Company, which will become a wholly-owned subsidiary of Italmatch.

### Closing of the Merger

The closing of the Merger will occur on a date that is the second business day after the satisfaction or waiver of all of the closing conditions described in the Merger Agreement, unless this date is extended by the mutual agreement of Italmatch and the Company. The Merger will become effective upon the filing of articles of Merger with the Secretary of State of the State of Michigan.

We currently expect that the Merger will become effective in December 2017; however, because the Merger is subject to a number of conditions, we cannot predict the actual timing of the closing of the Merger with certainty.

### Board of Directors and Officers of the Company Following the Merger

Upon completion of the Merger, the Board and the officers will consist of those individuals appointed by Italmatch to serve as the directors and officers of Merger Sub prior to the completion of the Merger.

### Merger Consideration

If the Merger is completed, at the Effective Time, each share of Common Stock issued and outstanding immediately prior to the Effective Time will be canceled and will be converted automatically into the right to receive $27.00 in cash without interest.

### Treatment of Equity and Equity-Based Awards

At the Effective Time, subject to all required withholding taxes, each option to purchase Common Stock that is outstanding immediately prior to the Effective Time will be canceled and converted into the right to receive a cash payment equal to the product of (x) the number of shares of Common Stock underlying such unexercised stock option; and (y) the excess, if any, of $27.00 over the exercise price per share provided in such option.

In addition, pursuant to the Merger Agreement, the Company will terminate the Company Equity Plan as of the Effective Time.

### Conditions to the Merger

Italmatch and the Company will not complete the Merger unless a number of conditions are satisfied or waived, including:

- the approval of the Merger Agreement by the affirmative vote of the holders of at least two-thirds (2/3) of the outstanding shares of Common Stock of the Company;

- the absence of any order, decree or injunction in effect, or any law, statute or regulation enacted or adopted, that prevents or prohibits completion of the Merger;

The obligation of Italmatch and Merger Sub to effect the Merger are subject to satisfaction or waiver at or prior to the closing of the Merger of, among other things, the following additional conditions:

- the representations and warranties of the Company with regard to capitalization, organization and qualification, authority relative to the Merger Agreement, inapplicability of the Rights Agreement, the shareholder vote required to approve the Merger Agreement, and the receipt of KeyBanc's opinion are true and correct in all respects (except for *de minimis* inaccuracy);

- other than the representations and warranties mentioned in the bullet directly above, all other representations and warranties of the Company are true and correct (without giving effect to materiality or Company material adverse effect qualifying language), except where such failure to be true and correct would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect (as defined in the Merger Agreement and summarized below);
- the absence of any occurrence of a Company Material Adverse Effect;
- the timely filing by the Company of all documents required to be filed under the OTC Rules;
- the delivery by the Company to Italmatch of payoff letters with respect to all Company Indebtedness outstanding as of the Closing and releases of all Liens securing such Company Indebtedness and with respect to all unpaid Transaction Expenses, which payoff letters shall set forth the payment required on the Closing Date to satisfy in full the applicable obligations, along with a statement from the obligee that the payment of such amount will satisfy in full all applicable obligations of the Company and its Subsidiaries;
- the resignations and mutual releases having been executed by directors and officers of the Company and its Subsidiaries shall have been delivered to Buyer, and the written confirmations having been delivered by four Company executives that Good Reason does not exist for their resignation as that term is defined under The Elco Corporation Senior Management Severance Pay Plan and The Elco Corporation President Severance Pay Plan; and
- the Company having performed or complied in all material respects with all agreements and covenants required by it under the Merger Agreement at or prior to the completion of the Merger, and the Company having delivered to Italmatch a certificate, signed by a senior executive officer of the Company, to such effect.

The obligation of the Company to effect the Merger are subject to satisfaction or waiver at or prior to the closing of the Merger of, among other things, the following additional conditions:

- the representations and warranties of Italmatch and Merger Sub are true and correct except where such failure to be true and correct would not reasonably be expected to, individually or in the aggregate, prevent or materially delay completion of the Merger;
- Italmatch and Merger Sub having performed or complied in all material respects with all agreements and covenants required by it under the Merger Agreement at or prior to the completion of the Merger, and Italmatch having delivered to the Company a certificate, signed by an executive officer of Italmatch, to the effect that each of the conditions specified above has been satisfied.

The Merger Agreement does not contain any financing-related closing condition and Italmatch has represented that it will have sufficient funds at closing to fund the payment of the Merger consideration and any other payments required in connection with completion of the Merger. Italmatch has informed the Company that it expects that funds needed by Italmatch and Merger Sub in connection with the Merger will be derived from (i) cash on hand; (ii) borrowings under Italmatch's existing credit agreements; or (iii) a combination of the foregoing

The Merger Agreement defines a "Company Material Adverse Effect" as any effect that, individually or taken together with all other effects, is or is reasonably expected to (i) be materially adverse to the business, results of operations, financial condition, assets or Liabilities of the Company and its subsidiaries, taken as a whole, or (ii) prevent or materially delay the performance by the Company of any of its obligations under the Merger Agreement or the completion of the Merger or the other transactions contemplated by the Merger Agreement. The Merger Agreement provides that none of the following events occurring after the date of the Merger Agreement, alone or in combination, will be deemed to constitute, or be taken into account in determining whether there has been or will be, a Company Material Adverse Effect pursuant to the foregoing clause (i):

- any change in the Company's stock price or trading volume (provided that such exclusion shall not apply to the effect giving rise or contributing to such change);
- any failure by the Company to meet revenue or earnings projections (provided that such exclusion shall not apply to the underlying effect that may have contributed to such failure to meet any such projections);
- any effect that results from changes affecting the specialty chemical industry generally, or the United States economy generally, or any effect that results from changes affecting general worldwide economic or capital market conditions, or any effect that results from acts of war or terrorism or natural disasters, in each case except to the extent such changes,

acts or disasters, disproportionately affect the Company and its subsidiaries, taken as a whole, relative to the other specialty chemical companies operating in the United States;

- any effect caused by the announcement or pendency of the Merger;

- the performance of the Merger Agreement and the transactions contemplated thereby, including compliance with the covenants set forth therein (except with respect to any representation or warranty regarding conflicts or required filings and consents);

- changes in any applicable accounting regulations or principles or the interpretations thereof, in each case, except to the extent the foregoing disproportionately affect the Company and its subsidiaries, taken as a whole, relative to the other specialty chemical companies operating in the United States; or

**Termination**

The Merger Agreement may be terminated and the Merger and the transactions contemplated by the Merger Agreement abandoned as follows:

- by mutual written consent of the parties;

- by Italmatch or the Company if the Merger is not consummated within ninety (90) days from the date of the Merger Agreement, unless the terminating party's failure to fulfill any material obligation under the Merger Agreement was the cause of the failure of the Merger to occur on or before such date;

- by Italmatch or the Company if any governmental entity issues a final order or takes any other action, or there exists any law, in each case, permanently enjoining, restraining or otherwise prohibiting the Merger (so long as the party seeking termination has used reasonable best efforts to remove such order or reverse such action);

- by Italmatch or the Company if the required approval of the Merger Agreement by the Company shareholders is not obtained;

- by the Company in connection with entering into a definitive agreement to effect a Superior Proposal (as defined in Section 6.5(g)(ii) of the Merger Agreement and summarized below), subject to the Company's payment of the termination fee;

- by Italmatch, if the Board:

    - withdraws or adversely modifies its approvals or recommendations of the Merger or recommends to the Company shareholders that they approve or accept a third party Competing Proposal, or otherwise fails to comply with the provisions of Section 6.5 of the Merger Agreement with respect to a Competing Proposal;

    - fails to include in this proxy statement its recommendation to approve the Merger and the Merger Agreement;

    - recommends to the shareholders that they approve or accept a Superior Proposal;

    - authorizes or announces the Company's intention to enter into a definitive agreement regarding a Competing Proposal;

    - causes or permits the Company to breach its non-solicitation obligations set forth in the Merger Agreement; or

    - fails to publicly reconfirm its recommendation to its shareholders to vote in favor of the Merger Agreement either at the proposed shareholders meeting or within three business days of being requested to do so by Italmatch following a publicly announced Competing Proposal; and

- by Italmatch or the Company if the other party materially breaches any of its representations, warranties, covenants or agreements contained in the Merger Agreement, the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement, and the breach is not cured within 30 days of written notice.

A "Superior Proposal" means any bona fide offer or proposal from a third party to purchase or otherwise acquire, directly or indirectly, (i) 70% or more of the outstanding shares of the Company's Common Stock, or (ii) 70% or more of the assets (including capital stock of the Company's subsidiaries), revenues or net income of the Company and its subsidiaries, taken as a whole, in each such case on terms which the Company's Board determines in good faith to be more favorable to the Company's shareholders than the Merger.

See Section 6.5 of the Merger Agreement for a complete description of the Company's obligations with respect to any Competing and Superior Proposals.

**Termination Fee**

Under the terms of the Merger Agreement, the Company must pay Italmatch a termination fee of $2,300,000 if:

- Italmatch terminates the Merger Agreement as a result of the Board withdrawing or adversely modifying its approvals or recommendations of the Merger, recommending to the Company shareholders that they approve or accept a Superior Proposal; failing to publicly reconfirm its recommendation to its shareholders to vote in favor of the Merger Agreement within three business days of being requested to do so by Italmatch following a publicly announced Competing Proposal; or otherwise failing to comply with the provisions of Section 6.5 of the Merger Agreement with respect to a Competing Proposal (as defined in Section 6.5(g)(i) of the Merger Agreement and summarized below);

- Italmatch terminates the Merger Agreement as a result of the Company's material breach of any of its representations, warranties, covenants or agreements contained in the Merger Agreement, provided that Italmatch is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement, and the Company's breach is not cured within 30 days of written notice of such breach, but only if:

    - a Competing Proposal with respect to the Company has been made or communicated to senior management or the Board or shall have been publicly announced or publicly made known to the Company shareholders prior to termination of the Merger Agreement; and

    - within 12 months of termination of the Merger Agreement, the Company enters into a definitive agreement with respect to, or consummates, a Competing Proposal;

- the Company terminates the Merger Agreement in connection with entering into a definitive agreement to effect a Superior Proposal; or

- Italmatch or the Company terminates the Merger Agreement as a result of:

    - the required approval of the Merger Agreement by the Company shareholders not being obtained, but only if:

        - a Competing Proposal with respect to the Company has been made or communicated to the senior management or the Board or shall have been publicly announced or publicly made known to the Company shareholders prior to termination of the Merger Agreement, and

        - within 12 months of termination of the Merger Agreement, the Company enters into a definitive agreement with respect to, or consummates, a Competing Proposal; or

    - the Merger not being consummated within 90 days from the date of the Merger Agreement, unless the terminating party's failure to comply with the Merger Agreement was the cause of the failure of the Merger to occur on or before such date, but only if:

        - a Competing Proposal with respect to the Company has been made or communicated to the senior management or the Board or shall have been publicly announced or publicly made known to the Company shareholders prior to termination of the Merger Agreement, and

        - within 12 months of termination of the Merger Agreement, the Company enters into a definitive agreement with respect to, or consummates, a Competing Proposal.

A "Competing Proposal" means any bona fide offer or proposal by a third party to purchase or otherwise acquire, directly or indirectly, (i) 20% or more of the outstanding shares of the Company's Common Stock, or (ii) 20% or more of the assets (including capital stock of the Company's subsidiaries), revenues or net income of the Company and its subsidiaries, taken as a whole.

See Section 6.5 of the Merger Agreement for a complete description of the Company's obligations with respect to any Competing and Superior Proposals.

**Limitations on Considering Other Acquisition Proposals**

The Company has agreed that neither it nor its subsidiaries nor any of their respective officers, directors, employees, investment bankers, financial advisors, attorneys, accountants, consultants, affiliates and other agents (which we refer to as the Company's representatives) will, directly or indirectly:

- solicit, initiate or knowingly encourage, or take any other action to knowingly facilitate, the making of any proposal that constitutes or is reasonably likely to lead to a Competing Proposal (other than contacting or engaging in discussions with the person making a Competing Proposal or its representatives for the sole purpose of clarifying such Competing Proposal);

- enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any confidential information with respect to or that could reasonably be expected to lead to, any Competing Proposal; or

- approve or recommend or cause or permit the Company or any of its subsidiaries to enter into any agreement related to any Competing Proposal, other than a permitted confidentiality agreement.

If, prior to receipt of the Company shareholder approval of the Merger Agreement, the Company receives a bona fide unsolicited written Competing Proposal that did not result from a breach by the Company of any of the provisions in the Merger Agreement as discussed above, the Board may furnish information with respect to the Company and its subsidiaries to the third party making such Competing Proposal (provided that all such information has previously been provided to Italmatch or is provided to Italmatch prior to or substantially concurrently with the time it is provided to such person) and participate in discussions and negotiations regarding the unsolicited Competing Proposal if:

- the Board first determines (1) after consultation with its financial advisor and outside legal counsel, that such Competing Proposal constitutes a Superior Proposal, and (2) after consultation with its outside legal counsel, that the failure to take such action would be inconsistent with the Board's fiduciary duties to its shareholders under applicable law; and

- prior to furnishing or affording access to any information or data with respect to the Company or any of its subsidiaries or otherwise relating to a Competing Proposal, the third party enters into a confidentiality agreement with the Company containing terms substantially similar to those contained in the Company's confidentiality agreement with Italmatch.

The Company has agreed to promptly, and in any event within twenty-four hours, notify Italmatch in writing of the receipt of any Competing Proposal or any request for information or other inquiry that the Company reasonably believes could lead to any Competing Proposal, the material terms and conditions of any such Competing Proposal or request for information or other inquiry and the identity of the person making any such Competing Proposal or request for information or other inquiry. The Company is also required to keep Italmatch reasonably informed of any material developments with respect to any such Competing Proposal or request for information or other inquiry (including any material changes thereto).

In addition, under the Merger Agreement, the Company agreed that its Board, or any committee of the Board, will not:

- withdraw (or modify in a manner adverse to Italmatch), or publicly propose to withdraw (or modify in a manner adverse to Italmatch), the approval, recommendation or declaration of advisability by the Board or any such committee of the Merger Agreement and the Merger;

- recommend the approval or adoption of, or approve or adopt, or publicly propose to recommend, approve or adopt, any Competing Proposal;

- approve or recommend, or publicly propose to approve or recommend, or cause or permit the Company or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, Merger Agreement, acquisition agreement or other similar agreement related to any Competing Proposal, other than any permitted confidentiality agreement; or

- authorize any of, or resolve, commit or agree to take any of, the foregoing actions.

However, prior to receipt of the Company shareholder approval of the Merger Agreement, the Board may either take the actions listed in the foregoing bullets or cause or permit the Company to terminate the Merger Agreement to enter into a definitive agreement regarding a Superior Proposal, if, after consultation with its outside counsel, it determines that the failure to take such action would be inconsistent with its fiduciary duties under applicable law and, after consultation with its financial advisor and outside counsel, it determines that the Competing Proposal constitutes a Superior Proposal.

In the event the Board makes this determination, the Company must provide five business days' prior written notice to Italmatch that the Board intends to take such action and specifying the reasons therefor, including the material terms and conditions of any Superior Proposal (and the identity of the person making such Superior Proposal) that is the basis of the proposed action by the Board. During such five business day period, if requested by Italmatch, the Company and its representatives must engage in good faith negotiations with Italmatch and its representatives to, among other things, amend the Merger Agreement in such a manner that (i) any Competing Proposal which was determined to constitute a Superior Proposal no longer is a Superior Proposal and (ii) the failure of the Board to take action with respect to such Competing Proposal would no longer be inconsistent with its fiduciary duties under applicable law.

In the event that a positive material event occurs with respect to the Company which was unknown when the Merger Agreement was executed, and the Board determines, after consultation with its outside counsel, that the failure to take an action in response to such event would be inconsistent with its fiduciary duties, the Board may withdraw or change its recommendation to the shareholders to approve the Merger, provided that the Company has provided three business days' notice to Italmatch of such event and during such period the Company has negotiated in good faith with Italmatch to amend the Merger Agreement in such a manner as to obviate the need for the Board to withdraw or change its recommendation to the shareholders.

**The Shareholders Meeting**

The Company has agreed to call, hold and convene a meeting of its shareholders within 15 business days following the mailing date of the notice of special meeting and proxy statement to consider and vote upon the approval of the Merger Agreement and any other matter required to be approved by the shareholders of the Company in order to complete the Merger. The Company also has agreed to ensure that the shareholders meeting is called, noticed, convened, held and conducted in compliance with Michigan law, the Company's articles of incorporation and bylaws, applicable rules of OTCQX and all other applicable legal requirements.

**Indemnification and Insurance**

***Indemnification***

Under the Merger Agreement, Italmatch has agreed that all rights to indemnification and all limitations of liability existing in favor of any director or officer of the Company or any of its subsidiaries, as provided in the articles of incorporation and bylaws of the Company, similar governing documents of a Company subsidiary or in applicable law as in effect on the date of the Merger Agreement with respect to matters occurring on or prior to the Effective Time will survive the Merger for a period of six (6) years following the Effective Time.

***Directors' and Officers' Insurance***

The Merger Agreement provides for Italmatch to cause the Company to maintain in effect its directors' and officers' liability insurance coverage existing prior to the Effective Time. This requirement will remain for six (6) years following the Effective Time.

**Conduct of Business Pending the Merger**

Under the Merger Agreement, the Company has agreed that, until the Effective Time or the termination of the Merger Agreement, the Company and its subsidiaries will not, except as expressly permitted by the Merger Agreement or with the prior written consent of Italmatch:

- amend or otherwise change the articles of incorporation or bylaws of the Company (or such equivalent organizational or governing documents of any of its Subsidiaries);

- split, combine, reclassify, redeem, repurchase or otherwise acquire or amend the terms of any capital stock or other equity interests or rights;

- issue, sell, pledge, dispose, encumber or grant any shares of its or its Subsidiaries' capital stock, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of its or its Subsidiaries' capital stock except (i) in connection with the Company's Rights Agreement and (ii) for transactions among the Company and its direct or indirect wholly owned Subsidiaries or among the Company's direct or indirect wholly owned Subsidiaries; provided, however, that the Company may issue shares of Company Common Stock upon the exercise of any vested Company Option as is outstanding as of the date hereof;

- declare, authorize, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to the Company's or any of its subsidiaries' capital stock or other equity interests, other than dividends paid by any subsidiary of the Company to the Company or any wholly owned subsidiary of the Company;

- except as required pursuant to existing written Company Benefit Plans or written offer letters for newly hired or promoted employees entered into in the ordinary course of business (in each case whose aggregate compensation is less than $80,000 annually), (A) materially increase the compensation payable or to become payable or benefits provided or to be provided to (x) any member of the Company's board of directors, or (y) any current or former employees or independent contractors of the Company or any of its Subsidiaries, (B) except under Company Benefit Plans applicable to newly hired employees hired to fill vacancies in the ordinary course of business of the Company, grant the opportunity to participate in any severance or termination pay plans or (C) establish, adopt, enter into or materially amend any Company Benefit Plan (or any arrangement which in existence as of the date hereof would constitute a Company Benefit Plan), plan, trust, fund, policy or arrangement for the benefit of any current or former directors, officers or employees of the Company or any of its Subsidiaries or any of their respective beneficiaries;

- implement any employee layoffs that would require notice under the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign state or local Law;

- acquire (including by merger, consolidation, or acquisition of stock or assets), except in respect of any merger, consolidation, business combination among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, any corporation, partnership, limited liability company, other business organization or any division or material amount of assets thereof, or sell, lease, license (other than any nonexclusive license granted in the ordinary course of business), abandon, permit to lapse or expire or otherwise subject to a lien other than a permitted lien or otherwise dispose of any material properties, rights (including Company intellectual property rights) or assets of the Company or its subsidiaries other than (1) sales of inventory in the ordinary course of business consistent with past practice or (2) pursuant to agreements existing as of the date hereof and set forth in the Company's Disclosure Letter or entered into after the date hereof and set forth in the Company's Disclosure Letter in accordance with the terms of the Merger Agreement;

- disclose any trade secret or confidential information to any person outside of the ordinary course of business consistent with past practice;

- incur, or amend in any material respect the terms of, any Company indebtedness in an amount in excess of $500,000 in the aggregate, or assume or guarantee any such Company indebtedness for any person;

- enter into, modify, amend or terminate (1) any Company material contract other than in the ordinary course of business or (2) any contract which if so entered into, modified, amended or terminated could be reasonably likely to (x) have a Company material adverse effect, (y) impair in any material respect the ability of the Company to perform its obligations under the Merger Agreement or (z) prevent or materially delay the consummation of the transactions contemplated by the Merger Agreement;

- make any material change to its methods of accounting in effect at December 31, 2016, except (i) as required by GAAP (or any interpretation thereof), Regulation S-X or a Governmental Authority or quasi-Governmental Authority (including the Financial Accounting Standards Board or any similar organization) or (ii) as required by a change in applicable Law;

- adopt or enter into a plan of complete or partial liquidation, dissolution, recapitalization or other reorganization;

- settle or compromise any litigation other than settlements or compromises of litigation where the amount paid (less the amount reserved for such matters by the Company or otherwise covered by insurance) in settlement or compromise, in each case, does not exceed an insurance deductible of $250,000 and an insurance coverage limit of $10,000,000, in the aggregate;

- other than in the ordinary course of business or consistent with past practice, make or change any tax election, change any method of tax accounting, settle or compromise any material tax liability, file any amended tax return, enter into any closing agreement with respect to any material tax or surrender any right to claim a refund for a material amount of tax;

- take any action that would reasonably be expected to result in any of the closing conditions set forth in the merger Agreement not being satisfied or that would impair the ability of the Company to consummate the Merger in accordance with the terms hereof or materially delay such consummation;

- make any loans, advances or capital contributions to or investments in any other person;

- hire any new employees other than non-officer employees in the ordinary course of business consistent with past practice;

- terminate any officer or key employee of the Company or any of its subsidiaries other than for good reason or for reasonable cause;

- incur or commit to incur any capital expenditures, or any obligations or liabilities in connection therewith that, individually or in the aggregate, are in excess of the amounts set forth in the Company's annual capital expenditure budget for periods following the date of the Merger Agreement, or delay any material capital expenditures;

- waive, release, grant or transfer any right of material value, other than in the ordinary course of business consistent with past practice, or waive any material benefits of, or agree to modify in any material adverse respect, or, subject to the terms hereof, fail to enforce, or consent to any material matter with respect to which its consent is required under, any material confidentiality, standstill or similar agreement to which the Company or any of its Subsidiaries is a party;

- maintain insurance at less than current levels or otherwise in a manner inconsistent with past practice;

- enter into any transaction that could give rise to a disclosure obligation as a "reportable transaction" under Section 6011 of the Code and the regulations thereunder;

- engage in any transaction with, or enter into any agreement, arrangement or understanding with any Affiliate of the Company;

- grant any material refunds, credits, rebates or other allowances by the Company to any end user, customer, reseller or distributor, in each case, other than in the ordinary course of business;

- enter into any new line of business outside of its existing business segments;

- communicate with employees of the Company or any of its Subsidiaries regarding the compensation, benefits or other treatment that they will receive in connection with the Merger, unless any such communications are consistent with prior directives or documentation provided to the Company by Parent (in which case, the Company shall provide Parent with prior notice of and the opportunity to review and comment upon any such communications);

- incur Transaction Expenses exceeding 105% of the Estimated Transaction Expenses in the aggregate; or
- enter into any agreement to do any of the foregoing.

The agreements relating to the conduct of the Company's business contained in the Merger Agreement are complicated and not easily summarized. You are urged to carefully read Article VI of the Merger Agreement attached to this proxy statement as *Annex A*.

**Employee Benefits**

Generally, under the terms of the Merger Agreement, from and after the Effective Time and for one year thereafter, Italmatch will cause the Company to provide to the Company's employees at the Effective Time base salary and annual incentive bonus opportunities that are no less favorable in the aggregate than the base salary and target bonus opportunities applicable prior to the Effective Time, as well as employee benefits that are comparable in the aggregate to the employee benefits provided to such employees prior to the Effective Time. However, for union employees, the wages, hours and other terms will be as provided for in any applicable collective bargaining agreement or pursuant to applicable law.

Nothing in the Merger Agreement:

- limits the right of Italmatch or the Company to amend or terminate the employment of any individual or amend or terminate any employee benefit plan;
- will be treated as an amendment or other modification of any employee benefit plan of Italmatch or the Company or as a guarantee of employment for any employee of the Company or any of its subsidiaries; or
- confer upon any person other than the parties to the Merger Agreement any rights or remedies.

**Other Covenants**

The Merger Agreement also contains covenants relating to the preparation and distribution of this proxy statement and all requisite OTCQX filings.

**Representations and Warranties**

The Merger Agreement contains representations and warranties that Italmatch and the Company made solely to each other as of specific dates. Those representations and warranties were made only for purposes of the Merger Agreement and may be subject to important qualifications and limitations agreed to by the parties, including the disclosure letter referenced in the Merger Agreement that each party delivered to the other in connection with the execution of the Merger Agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specific date, may be subject to a standard of materiality provided for in the Merger Agreement, or may have been used for the purpose of allocating risk among Italmatch and the Company rather than establishing matters as facts. Accordingly, they should not be relied upon as statements of factual information. Third parties are not entitled to the benefits of the representations and warranties in the Merger Agreement.

The Merger Agreement contains representations and warranties of Italmatch and the Company relating to:

- organization and good standing, charter documents;
- authority for Merger Agreement;
- board recommendations;
- certain business practices of the Company;
- solvency of the Company following the Merger;
- capitalization;

- the Company subsidiaries;
- no conflict with certain organizational documents, agreements and governmental orders;
- required filings and consents;
- compliance with laws;
- securities-related documents and filings and the Company financial statements;
- absence of certain changes;
- undisclosed liabilities;
- litigation;
- employee benefit plans;
- labor matters;
- intellectual property;
- taxes and tax returns;
- contracts;
- title to properties;
- environmental matters;
- insurance policies;
- related party transactions;
- brokers;
- the Company's financial advisor opinion;
- this proxy statement; and
- anti-competing provisions.

Many of the representations and warranties in the Merger Agreement are qualified by knowledge or materiality qualifications or by reference to a "Company Material Adverse Effect" as defined in the Merger Agreement.

Italmatch has represented that it will have sufficient funds at closing to fund the payment of the Merger consideration and any other payments required in connection with completion of the Merger.

None of the representations and warranties by either party survives the Effective Time. The representations and warranties in the Merger Agreement are complicated and not easily summarized. You are urged to carefully read Articles III and IV of the Merger Agreement attached to this proxy statement as *Annex A*.

**Expenses**

Except in certain circumstances related to the termination of the Merger Agreement, each party will pay all fees and expenses it incurs in connection with the Merger Agreement and the related transactions.

**Guarantee**

Under the Merger Agreement, the Guarantor guarantees to the Company the full payment and the complete performance by Italmatch and the Merger Sub of all of their respective obligations under the Merger Agreement.

**Amendments**

Italmatch, Merger Sub and the Company may amend the Merger Agreement by executing a written amendment approved by the parties' boards of directors. However, after approval of the Merger Agreement by the shareholders of the Company, no amendment of the Merger Agreement may be made which by law requires further approval of the Company shareholders without obtaining that approval.

## MARKET PRICE OF COMMON STOCK

Our Common Stock is quoted on the OTCQX U.S. Premiere system under the trading symbol "DTRX.PK". The following table sets forth, for the periods indicated, the high and low sale prices per share for our Common Stock as reported on the OTCQX system. Also included are dividends paid per share of Common Stock during these quarterly periods.

| Detrex Corporation | Common Stock Trading Prices | | Dividends Paid Per Share |
|---|---|---|---|
| | High | Low | Common |
| **2015** | **$31.34** | **$22.21** | **$1.00** |
| Q1 | 29.90 | 23.95 | 0.25 |
| Q2 | 27.42 | 22.21 | 0.25 |
| Q3 | 31.34 | 23.29 | 0.25 |
| Q4 | 24.17 | 22.54 | 0.25 |
| **2016** | **$26.29** | **$18.38** | **$1.00** |
| Q1 | 26.29 | 23.48 | 0.25 |
| Q2 | 25.84 | 23.71 | 0.25 |
| Q3 | 24.88 | 21.82 | 0.25 |
| Q4 | 24.21 | 18.38 | 0.25 |
| **YTD 11/9/2017** | **$27.15** | **$21.00** | **$0.50** |
| Q1 | 27.15 | 22.51 | 0.25 |
| Q2 | 23.49 | 22.25 | 0.25 |
| Q3 | 23.50 | 21.00 | 0.00 |

The declaration of cash dividends on the Common Stock is made at the discretion of the Board based on the Company's earnings, financial condition, capital requirements and other relevant factors and restrictions.

## THE VOTING AGREEMENT

The following summary of the Voting Agreement is qualified by reference to the complete text of the Voting Agreement, which is attached to this proxy statement as *Annex B* and incorporated into this proxy statement by reference.

In connection with the execution of the Merger Agreement, Italmatch and the Company entered into a Voting Agreement with the officers and directors and certain larger shareholders of the Company (collectively, "Voting Agreement Shareholders"), who collectively own 874,379 shares of Common Stock plus 16,000 shares of Common Stock issuable under fully vested stock options. Under the Voting Agreement, each Voting Agreement Shareholder must vote, and each has granted Italmatch an irrevocable proxy and power of attorney to vote, all of its shares of Company stock:

- in favor of adoption and approval of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and in favor of the adjournment proposal;
- against any other merger agreement, merger, consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company;
- against any Competing Proposal that is not a Superior Proposal;
- against any election of new directors to the Company's Board;
- against any action, proposal, transaction or agreement that would reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement under the Voting Agreement or the Merger Agreement; and
- against any amendment of the Company's Articles of Incorporation or Bylaws or any other action, proposal agreement or transaction involving the Company which could reasonably be expected to in any manner impede, frustrate, prevent, adversely affect, interfere with or nullify any provision of the Merger Agreement, the Merger, or any related transaction or change in any manner the voting rights of any capital stock of the Company.

Under the Voting Agreement, each of the Voting Agreement Shareholders agreed not to, and not to permit any of its affiliates, to:

- solicit, initiate, encourage or take any other action to facilitate any inquiries with respect to a potential Competing Proposal or action which would impede, frustrate, prevent or nullify any provision of the Merger Agreement, the Merger or any related transaction;
- enter into any agreement, or provide any person any information with respect to, any Competing Proposal or any action which would impede, frustrate, prevent or nullify any provision of the Merger Agreement, the Merger or any related transaction;
- participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or is reasonably likely to lead to any Competing Proposal or an action which would impede, frustrate, prevent or nullify any provision of the Merger Agreement, the Merger or any related transaction;
- approve, endorse or recommend any proposal that constitutes, or is reasonably expected to lead to, a Competing Proposal; or
- authorize or commit to do any of the foregoing.

In addition, except under limited circumstances, the Voting Agreement Shareholders also agreed not to sell, assign, transfer or otherwise dispose of or encumber their shares of Company stock while the Voting Agreement is in effect. The Voting Agreement terminates immediately upon the earlier of the Effective Time, the termination of the Merger Agreement in accordance with its terms, or mutual written agreement of Italmatch and the Voting Agreement Shareholders.

## MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of material United States federal income tax consequences of the Merger. The federal income tax laws are complex and the tax consequences of the Merger may vary depending upon each shareholder's individual circumstances or tax status. The following discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing temporary and final regulations under the Code and current administrative rulings and court decisions, all of which are subject to change, possibly on a retroactive basis. No attempt has been made to comment on all United States federal income tax consequences of the Merger that may be relevant to Company shareholders. The tax discussion set forth below is included for general information only. It is not intended to be, nor should it be construed to be, legal or tax advice to a particular Company shareholder.

The following discussion may not apply to particular categories of holders of shares of Common Stock subject to special treatment under the Code, such as insurance companies, financial institutions, broker-dealers, tax-exempt organizations, individual retirement and other tax-deferred accounts, banks, persons subject to the alternative minimum tax, persons who hold Company capital stock as part of a straddle, hedging or conversion transaction, persons whose functional currency is other than the United States dollar, persons eligible for tax treaty benefits, foreign corporations, foreign partnerships and other foreign entities, individuals who are not citizens or residents of the United States and holders whose shares were acquired pursuant to the exercise of an employee stock option or otherwise as compensation. This discussion assumes that holders of shares of Common Stock hold their shares as capital assets. The following discussion does not address state, local or foreign tax consequences of the Merger. You are urged to consult your tax advisors to determine the specific tax consequences of the Merger, including any state, local or foreign tax consequences of the Merger.

### The Merger

In general, you will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash received and your adjusted tax basis in your shares of Common Stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Company stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income. You should consult your tax advisors as to the possibility that all or a portion of any cash received in exchange for your shares of Common Stock will be treated as a dividend.

### Backup Withholding

Non-corporate holders of the Company stock may be subject to information reporting and backup withholding on any cash payments they receive. The Company shareholders will not be subject to backup withholding, however, if they:

- furnish a correct taxpayer identification number and certify that they are not subject to backup withholding on the Form W-9 or successor form included in the election form/letter of transmittal they will receive; or
- are otherwise exempt from backup withholding.

If withholding results in an overpayment of taxes, a refund or credit against a the Company shareholder's United States federal income tax liability may be obtained from the IRS, provided the shareholder furnishes the required information to the IRS. A holder that does not furnish their correct TIN may be subject to penalties imposed by the IRS.

### Other Tax Consequences

The state and local tax treatment of the Merger may not conform to the federal income tax consequences discussed above. Consequently, you should consult your own tax advisors regarding the treatment of the Merger under state and local tax laws.

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

## CERTAIN BENEFICIAL OWNERS OF COMMON STOCK

### Security Ownership of 5% Beneficial Owners

The table set forth below reflects the only persons (including any "group" as that term is used in Section 13(d)(3) of the Exchange Act) who, to the best of the Company's knowledge were, on November 10, 2017, the beneficial owners of more than five percent (5%) of the Common Stock.

| Name | Number of Shares Presently Owned | Present Percent of Class |
|---|---|---|
| Glacier Peak Capital(a) | 557,789 | 32.84% |
| Vanshap Capital(b) | 162,373 | 9.56% |

(a) Controlled by John Rudolf, Director

(b) Controlled by Evan R. Vanderver, Director

### Security Ownership of Directors and Officers

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of November 10, 2017 by each Company director, each named executive officer and all directors and officers as a group.

| Name | Position | Number | Percentage |
|---|---|---|---|
| Thomas E. Mark | Officer and Director | 74,820 | 4.41% |
| Douglas A. Church(a) | Officer | 17,000 | 1.00% |
| William C. King(a) | Director | 17,500 | 1.03% |
| Benjamin W. McCleary(a) | Director | 13,570 | 0.80% |
| David R. Zimmer(a) | Director | 18,500 | 1.09% |
| John C. Rudolf | Director | 28,827 | 1.70% |
| Glacier Peak Capital | Controlled by John Rudolf, Director | 557,789 | 32.84% |
| Vanshap Capital | Controlled by Evan R. Vanderver, Director | 162,373 | 9.56% |
| Total Shares Owned or Controlled by Officers and Directors | | 890,379 | 52.43% |

(a) Includes 4,000 shares of Common Stock issuable under fully vested stock options. The option shares are non-voting and will be canceled and automatically converted into the right to receive a cash payment equal to the product of (x) the number of shares of Common Stock underlying such unexercised stock option, and (y) the excess, if any, of $27.00 over the exercise price per share provided in such option.

## FUTURE SHAREHOLDER PROPOSALS

If the Merger is completed, the Company will not have public shareholders and there will be no public participation in any future meeting of shareholders. However, if the Merger is not completed or if the Company is otherwise required to do so under applicable law, the Company will hold a 2018 annual meeting of shareholders on April 26, 2018. A shareholder who wants to have a qualified proposal considered for inclusion in the proxy statement for the Company's 2018 annual meeting of shareholders must notify the Secretary of the Company not later than December 9, 2017.

## WHERE YOU CAN FIND MORE INFORMATION

Additional information about the Company is included in documents incorporated by reference into this proxy statement and our filings available on the OTCQX website at https://www.otcmarkets.com/stock/DTRX/filings, including the Company's Annual Report for the fiscal year ended December 31, 2016, and Quarterly Report for the quarter ended September 30, 2017.

The information incorporated by reference is considered a part of this proxy statement, except for any information superseded by information contained directly in this proxy statement or by information contained in documents filed with or furnished to the OTCQX after the date of this proxy statement that is incorporated by reference in this proxy statement.

The Company and this proxy statement incorporates by reference the documents set forth below that have been previously filed with the OTCQX. These documents contain important information about the Company and its financial condition.

| **The Company Filings** | **Period or Date Filed** |
|---|---|
| Annual Report | Year ended December 31, 2016—filed March 2, 2017 |
| Quarterly Report | Quarter ended September 30, 2017—filed November 16, 2017 |

In addition, the Company and this proxy statement also incorporates by reference additional documents that the Company may post on the OTCQX website at https://www.otcmarkets.com/stock/DTRX/filings, between the date of this proxy statement and the date of the Company special meeting of shareholders (other than the portions of those documents not deemed to be filed). These documents include periodic reports, such as Annual Reports, Quarterly Reports and Current Reports, as well as proxy statements.

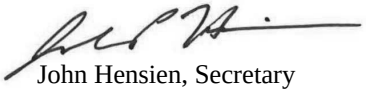
Documents incorporated by reference are available from the Company without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit into this proxy statement. You can obtain documents incorporated by reference into this proxy statement by requesting them in writing or by telephone from the appropriate Company representative at the following address: Detrex Corporation, 1000 Belt Line Street, Cleveland, Ohio 44109-2800, Attn: John Hensien, Secretary

If you would like to request documents, please do so by November 30, 2017 in order to receive them before the Company special meeting of shareholders.

Statements contained in this proxy statement regarding the contents of any contract or other document are not necessarily complete and each such statement is qualified in its entirety by reference to the contract or other documents filed as an exhibit with the OTCQX.

The Company has not authorized anyone to give any information or make any representation that is different from, or in addition to, that contained in this proxy statement or in any of the materials that we have incorporated into this proxy statement. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this proxy statement speaks only as of the date of this proxy statement unless the information specifically indicates that another date applies.

BY ORDER OF THE BOARD OF DIRECTORS,



John Hensien, Secretary

**EXECUTION VERSION**

# AGREEMENT AND PLAN OF MERGER

**by and among**

**ITALMATCH USA CORPORATION,**

**CUYAHOGA MERGER SUB, INC.**

**and**

**DETREX CORPORATION**

**Dated as of November 10, 2017**

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This AGREEMENT AND PLAN OF MERGER, dated as of November 10, 2017, (this "**Agreement**"), is made by and among ITALMATCH USA CORPORATION, an Illinois corporation ("**Parent**"), CUYAHOGA MERGER SUB, INC., a Michigan corporation and a direct wholly owned Subsidiary of Parent ("**Merger Sub**"), and DETREX CORPORATION, a Michigan corporation (the "**Company**").

## RECITALS

A. The Company and Merger Sub each have determined that it is advisable, fair to and in the best interests of its shareholders to effect a merger (the "**Merger**") of Merger Sub with and into the Company pursuant to the Michigan Business Corporation Act (the "**MBCA**") upon the terms and subject to the conditions set forth in this Agreement;

B. The board of directors of the Company has unanimously (i) approved and adopted this Agreement and the Merger, (ii) determined that the Merger is at a price and on terms that are fair to, advisable and in the best interests of the Company and its shareholders and (iii) subject to the terms and conditions set forth in this Agreement, will recommend the approval of this Agreement by the Company's shareholders;

C. The board of directors of each of Parent and Merger Sub have unanimously (i) approved and adopted this Agreement and the Merger, (ii) determined that the Merger is at a price and on terms that are fair to, advisable and in the best interests of Merger Sub and its sole shareholder and (iii) recommended the approval of this Agreement by Merger Sub's sole shareholder;

D. Each of Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger; and

E. Simultaneously with the execution and delivery of this Agreement, certain of the Company's shareholders have entered into a voting agreement in the form attached hereto as Exhibit A (the "**Voting Agreement**"), dated as of the date hereof, with Parent, pursuant to which, among other things, such Company shareholders have agreed to vote such Company shareholder's shares of Company Common Stock in favor of the approval of this Agreement and against any Competing Proposals (as defined herein) that is not a Superior Proposal (as defined herein).

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained in this Agreement, the parties, intending to be legally bound hereby, agree as follows:

## ARTICLE I

## DEFINITIONS

*Section 1.1* Definitions. Defined terms used in this Agreement have the respective meanings ascribed to them by definition in this Agreement or in Appendix A.

## ARTICLE II

## THE MERGER

*Section 2.1* The Merger. On the terms and subject to the conditions of this Agreement, and in accordance with the MBCA, at the Effective Time, Merger Sub shall merge with and into the Company, whereupon the separate existence of Merger Sub shall cease, and the Company shall continue under the name "DETREX CORPORATION" as the surviving corporation (the "**Surviving Corporation**") and shall continue to be governed by the laws of the State of Michigan.

*Section 2.2* The Closing. Subject to the provisions of Article VII, the closing of the Merger (the "**Closing**") shall take place at 10:00 a.m. (eastern time) on a date to be specified by the parties hereto, but no later than the second ($2^{nd}$) Business Day after the satisfaction or waiver of the conditions set forth in Article VII (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions). The Closing shall take place at the offices of Dykema Gossett PLLC, 400 Renaissance Center, Suite 2300, Detroit, Michigan 48243, unless another time, date or place or another manner (*e.g.*, exchange of PDF or facsimile signatures, etc.) is agreed to in writing by the parties hereto (such date being the "**Closing Date**").

*Section 2.3* Effective Time.

(a) Concurrently with the Closing, the Company, Parent and Merger Sub shall cause a certificate of merger in customary form and substance (the "**Certificate of Merger**") to be delivered for filing with the Michigan LARA. The Merger shall become effective on the date and time at which the Certificate of Merger has been duly filed with the Michigan LARA (such date and time of filing or such later time as may be agreed to by Parent, Merger Sub and the Company and as set forth in the Certificate of Merger being hereinafter referred to as the "**Effective Time**").

(b) The Merger shall have the effects set forth in the applicable provisions of the MBCA. Without limiting the generality of the foregoing, from and after the Effective Time, (i) the Company shall be the Surviving Corporation in the Merger, (ii) all the property, rights, privileges, immunities, powers, franchises and liabilities of the Company and the Merger Sub are vested in the Surviving Corporation, (iii) the separate existence of Merger Sub shall cease and (iv) the Company shall continue to be governed by the laws of the State of Michigan.

*Section 2.4* Articles of Incorporation and Bylaws. Subject to Section 6.6, at the Effective Time, the articles of incorporation and bylaws of the Surviving Corporation shall be amended and restated to be identical to the articles of incorporation and bylaws, respectively, of Merger Sub, as in effect immediately prior to the Effective Time (other than the name of Merger Sub, which shall be replaced by the name of the Company), until thereafter amended in accordance with applicable Law and the applicable provisions of the articles of incorporation and bylaws of the Surviving Corporation.

*Section 2.5* Board of Directors. The board of directors of the Surviving Corporation effective as of, and immediately following, the Effective Time shall consist of the individuals set forth on Schedule 2.5 (which shall be provided by the Parent prior to or at the Closing), each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation until their respective successors shall have been duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the articles of incorporation and bylaws of the Surviving Corporation.

*Section 2.6* Officers. The officers of the Surviving Corporation effective as of, and immediately following, the Effective Time shall consist of the individuals set forth on Schedule 2.6 (which shall be provided by the Parent prior to or at the Closing), each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation until their respective successors shall have been duly elected, designated or qualified, or until their earlier death, resignation or removal in accordance with the articles of incorporation and bylaws of the Surviving Corporation.

## ARTICLE III

## EFFECT OF THE MERGER ON CAPITAL STOCK; EXCHANGE OF CERTIFICATES

*Section 3.1* Effect on Securities. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the holders of any securities of the Company or Merger Sub:

(a) Cancellation of Company Securities. Each share of common stock, par value $2.00 per share, of the Company (the "**Company Common Stock**") held by the Company as treasury stock or by any of its Subsidiaries or held, directly or indirectly, by Parent or Merger Sub immediately prior to the Effective Time shall automatically be canceled and retired and shall cease to exist, and no consideration or payment shall be delivered in exchange therefor or in respect thereof.

(b) Conversion of Company Securities. Except as otherwise provided in this Agreement, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares canceled pursuant to Section 3.1(a) shall be converted into the right to receive $27.00 per share of Company Common Stock in cash, without interest (the "**Merger Consideration**"). Each share of Company Common Stock to be converted into the right to receive the Merger Consideration as provided in this Section 3.1(b) shall as of the Effective Time no longer be outstanding and shall be automatically canceled and shall cease to exist, and the holders of certificates (the "**Certificates**") or book-entry shares ("**Book-Entry Shares**") which immediately prior to the Effective Time represented such Company Common Stock shall cease to have any rights with respect to such Company Common Stock other than the right to receive, upon surrender of such Certificates or Book-Entry Shares in accordance with Section 3.2, the Merger Consideration, without interest thereon.

(c) Conversion of Merger Sub Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, each share of common stock, no par value per share, of Merger Sub issued and outstanding immediately prior to the

Effective Time shall be converted into and become one (1) fully paid share of common stock, no par value per share, of the Surviving Corporation and constitute the only outstanding shares of capital stock of the Surviving Corporation.

(d) Adjustments. Without limiting the other provisions of this Agreement, if at any time during the period between the date of this Agreement and the Effective Time, any change in the number of outstanding shares of Company Common Stock shall occur as a result of a reclassification, recapitalization, stock split (including a reverse stock split) or similar event, or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, the Merger Consideration shall be equitably adjusted to provide the same economic effect as contemplated by this Agreement prior to such event. Nothing in this Section 3.1(d) shall be construed to permit any party to take any action that is otherwise prohibited or restricted by any other provision of this Agreement.

*Section 3.2* Exchange of Certificates.

(a) Designation of Paying Agent; Deposit of Exchange Fund. Prior to the Closing, Parent shall designate a bank or trust company (the "**Paying Agent**"), the identity and the terms of appointment of which to be reasonably acceptable to the Company, for the payment of the Merger Consideration as provided in Section 3.1(b). At or substantially concurrently with the Effective Time, Parent shall deposit, or cause to be deposited with the Paying Agent, cash constituting an amount equal to the aggregate Merger Consideration payable pursuant to Section 3.1(b) (the "**Aggregate Merger Consideration**" and such Aggregate Merger Consideration as deposited with the Paying Agent, the "**Exchange Fund**"). In the event the Exchange Fund shall be insufficient to make the payments contemplated by Section 3.1(b), Parent shall promptly deposit, or cause to be deposited, additional funds with the Paying Agent in an amount which is equal to the deficiency in the amount required to make such payment. Parent shall cause the Exchange Fund to be (i) held for the benefit of the holders of Company Common Stock and (ii) applied promptly to making the payments pursuant to Section 3.1(b). The Exchange Fund shall not be used for any purpose other than to fund payments pursuant to Section 3.1(b), except as expressly provided for in this Agreement.

(b) Letter of Transmittal. As promptly as reasonably practicable following the Effective Time and in any event not later than the fifth ($5^{th}$) Business Day thereafter, the Surviving Corporation shall cause the Paying Agent to mail to each holder of record of a Certificate or Book-Entry Share (other than the Company, its Subsidiaries, Parent and Merger Sub) that immediately prior to the Effective Time represented outstanding shares of Company Common Stock (i) a letter of transmittal, which shall specify that delivery shall be effected, and risk of loss and title to the Certificates or Book-Entry Shares, as applicable, shall pass, only upon proper delivery of the Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares to the Paying Agent and which shall be in the form and have such other provisions as Parent and the Company may reasonably specify and (ii) instructions for use in effecting the surrender of the Certificates or Book-Entry Shares in exchange for the Merger Consideration into which the number of shares of Company Common Stock previously represented by such Certificate or Book-Entry Shares shall have been converted pursuant to this Agreement (which instructions shall be in the form and have such other provisions as Parent and the Company may reasonably specify).

(c) Timing of Exchange. Upon surrender of a Certificate (or affidavit of loss in lieu thereof) or Book-Entry Share for cancellation to the Paying Agent, together with a letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Certificate or Book-Entry Share shall be entitled to receive in exchange therefor Merger Consideration for each share of Company Common Stock formerly represented by such Certificate or Book-Entry Share upon the later to occur of (i) the Effective Time or (ii) the Paying Agent's receipt of such Certificate (or affidavit of loss in lieu thereof) or Book-Entry Share, together with a letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and the Certificate (or affidavit of loss in lieu thereof) or Book-Entry Share so surrendered shall be forthwith canceled. The Paying Agent shall accept such Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares upon compliance with such reasonable terms and conditions as the Paying Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. No interest shall be paid or accrued for the benefit of holders of the Certificates or Book-Entry Shares on Merger Consideration payable upon the surrender of the Certificates or Book-Entry Shares.

(d) Closing of Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates or Book-Entry Shares are presented to the Surviving Corporation or Parent for transfer or for any other reason, the holder of any such Certificates or Book-Entry Shares shall be given a copy of the letter of transmittal referred to in Section 3.2(b) and instructed to comply with the instructions in that letter of transmittal in order to receive Merger Consideration to which such holder is entitled pursuant to this Article III.

(e) Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of the Certificates or Book-Entry Shares for one (1) year after the Effective Time shall be delivered to the Surviving Corporation, upon written demand, and any such holders prior to the Merger who have not theretofore complied with this Article III shall thereafter look only to the Surviving Corporation as general creditor thereof for payment of their claims for Merger Consideration in respect thereof.

(f) No Liability. None of Parent, Merger Sub, the Company, the Surviving Corporation or the Paying Agent shall be liable to any Person in respect of any cash held in the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. If any Certificates or Book-Entry Shares shall not have been surrendered immediately prior to the date on which any cash in respect of such Certificate or Book-Entry Share would otherwise escheat to or become the property of any Governmental Authority, any such cash in respect of such Certificate or Book-Entry Share shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(g) Investment of Exchange Fund. The Paying Agent shall invest any cash included in the Exchange Fund as directed by Parent; provided that (i) no such investment shall relieve Parent or the Paying Agent from making the payments required by this Article III, and

following any losses Parent shall promptly provide additional funds to the Paying Agent for the benefit of the holders of Company Common Stock in the amount of such losses, (ii) no such investment shall have maturities that could prevent or delay payments to be made pursuant to this Agreement and (iii) such investments shall be in short-term obligations of the United States of America with maturities of no more than thirty (30) days or guaranteed by the United States of America and backed by the full faith and credit of the United States of America. Any interest or income produced by such investments will be payable to the Surviving Corporation or Parent, as directed by Parent.

(h) Withholding. Each of Parent, the Surviving Corporation and the Paying Agent shall be entitled to deduct and withhold from Merger Consideration and any amounts otherwise payable pursuant to this Agreement to any Person such amounts as are required to be deducted and withheld with respect to the making of such payment under the Code and the Treasury Regulations or any provision of applicable state, local or foreign Tax Law. To the extent that amounts are so deducted and withheld and paid over to the appropriate Governmental Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

(i) No Further Dividends or Distributions. No dividends or other distributions with respect to capital stock of the Surviving Corporation with a record date on or after the Effective Time shall be paid to the holder of any unsurrendered Certificates or Book-Entry Shares.

*Section 3.3* Company Options.

(a) Treatment of Company Options. As of the Effective Time, unless otherwise agreed between Parent and any individual holder of a Company Option, each Company Option (whether or not vested) that is outstanding shall be canceled and shall entitle the holder thereof to receive in exchange therefore as soon as practicable following the Effective Time, an amount in cash (subject to any applicable withholding or other Taxes or other amounts required by applicable Law to be withheld) equal to the product of (i) the total number of shares of Company Common Stock subject to such Company Option (assuming all performance conditions have been met) and (ii) the excess, if any, of the Merger Consideration, over the exercise price per share of Company Common Stock underlying such Company Option (the "**Option Cash Payment**"). For the avoidance of doubt, as of the Effective Time, each Company Option having an exercise price per share equal to or more than the Merger Consideration shall be canceled and the holder thereof shall not be entitled to any payment or other consideration in respect thereof. Following the Effective Time, any such canceled Company Option shall no longer be exercisable and shall only entitle the Company Option holder to the Option Cash Payment, which shall be paid as of, or promptly following, the Effective Time. Such Option Cash Payment shall be paid by the Surviving Corporation through its payroll system as soon as practicable following the Effective Time.

(b) Termination of Company Equity Plan. The 2006 Management Stock Option Plan (the "**Company Equity Plan**") shall terminate as of the Effective Time and the provisions in any other program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of the Company or any Subsidiary of the Company thereof

shall be canceled as of the Effective Time, and the Company shall take all necessary actions in furtherance of the foregoing. The Company shall ensure that following the Effective Time no participant in the Company Equity Plan or other programs or arrangements shall have any right thereunder to acquire any equity securities of the Company, the Surviving Corporation or any Subsidiary thereof.

*Section 3.4* Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, then upon the making of an affidavit, in form and substance reasonably acceptable to Parent, of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond, in such reasonable amount as Parent may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent will issue in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration to which the holder thereof is entitled pursuant to this Article III.

*Section 3.5* Transfers; No Further Ownership Rights. After the Effective Time, there shall be no registration of transfers on the stock transfer books of the Company of shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If Certificates or Book-Entry Shares are presented to the Surviving Corporation for transfer following the Effective Time, they shall be canceled against delivery of the applicable Merger Consideration, as provided for in Section 3.1(b), for each share of Company Common Stock formerly represented by such Certificates or Book-Entry Shares. Payment of the Merger Consideration in accordance with the terms of this Article III, and, if applicable, any unclaimed dividends declared prior to the Effective Time upon the surrender of Certificates, shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Common Stock formerly represented by such Certificates or Book-Entry Shares.

*Section 3.6* Transaction Expenses.

(a) Estimated Transaction Expenses. Section 3.6 of the Company Disclosure Letter sets forth a complete and correct itemized list of the Transaction Expenses paid as of the date of this Agreement, and an itemized list of the outstanding and anticipated Transaction Expenses as of the Closing Date (the "**Estimated Transaction Expenses**"), with each such itemized expense to be accompanied by reasonable supporting detail.

(b) Closing Transaction Expense Payments. At the Closing, the Parent shall deliver, or cause to be delivered, cash payments by wire transfer of immediately available funds to pay all Transaction Expenses which by their terms provide for a payment at the Closing (that the Company has notified the Parent are outstanding and that are reflected in the payoff letters delivered pursuant to Section 7.2(e) on behalf of the Company to the Persons providing services which generated the Transaction Expenses (the "**Closing Transaction Expense Payments**") and the payment instructions of such Persons in such payoff letters; provided that in no event shall the amount of the Closing Transaction Expense Payments exceed 105% of the amount of the Estimated Transaction Expenses; provided further that in no event shall the Closing Transaction Expense Payments include any payment of those obligations which comprise a portion of the Transaction Expenses and which by their terms provide for a payment after the Closing; and provided further that those obligations of the Company which comprise a portion of the Transaction Expenses and which by their terms provide for a payment after the Closing shall be

paid by the Company in accordance with such terms (provided that in no event shall the amount of such payments exceed the amount for such obligations actually included in the Transaction Expenses).

## ARTICLE IV

## REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the corresponding section of the Company Disclosure Letter, the Company hereby represents and warrants to Parent as of the date hereof and as of the Closing Date as follows:

*Section 4.1* Organization and Qualification; Subsidiaries. Each of the Company and its Subsidiaries is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has the requisite entity power and authority to conduct its business as it is now being conducted. Each of the Company and its Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it makes such qualification or licensing necessary except where the failure to be so qualified or licensed or to be in good standing would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Complete and correct copies of the Company's articles of incorporation and bylaws, as currently in effect, are included in the Data Room and the Company is not in violation of any provision of such documents. Section 4.1 of the Company Disclosure Letter sets forth a complete and correct list of each Subsidiary of the Company and its place and form of organization.

*Section 4.2* Capitalization.

(a) As of the date hereof, the authorized capital stock of the Company consists of (i) 4,000,000 shares of Company Common Stock, 1,698,339 of which were issued and outstanding (none of which are held by the Company as treasury shares) and (ii) 1,000,000 shares of the Company's preferred stock, par value $2.00 per share, no shares of which were outstanding. As of the date hereof, (A) an aggregate of 16,000 shares of Company Common Stock are subject to outstanding Company Options, and (B) no shares of Company Common Stock have been reserved for future issuances under the Company Equity Plan. All outstanding shares of capital stock of the Company have been, and all shares that may be issued pursuant to any Company Equity Plan will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Set forth in Section 4.2(a) of the Company Disclosure Letter is a list of the record holders of the issued and outstanding shares of Common Stock as of a recent date. Other than as set forth in Section 4.2(a) of the Company Disclosure Letter, there are no existing and outstanding (x) options, equity interests, restricted shares, stock appreciation rights, performance units, contingent value rights, "phantom" stock, warrants, calls, subscriptions or other rights, convertible securities, agreements or commitments to issue or sell any shares of capital stock, equity interests or voting securities (including any bonds, debentures, notes or other indebtedness having the right to vote on any matters on which shareholders of the Company may vote) of any character to which the Company or any of its Subsidiaries is a party obligating the Company or any of its Subsidiaries to issue, transfer or sell

any shares of capital stock, voting securities or other equity interests in the Company or any of its Subsidiaries or securities convertible into or exchangeable for such shares, securities or equity interests, (y) contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any capital stock of the Company or any of its Subsidiaries or (z) other than the Voting Agreement, voting trusts or similar agreements to which the Company is a party with respect to the voting of the capital stock of the Company.

(b) Except as set forth in Section 4.2(b) of the Company Disclosure Letter, all of the outstanding shares of capital stock or equivalent equity interests of each of the Company's Subsidiaries are owned of record and beneficially, directly or indirectly, by the Company or the relevant wholly-owned Subsidiary and free and clear of all Liens except for transfer restrictions of general applicability imposed by applicable securities laws and Permitted Liens.

(c) Except as set forth in Section 4.2(c) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries owns any interest or investment (whether equity or debt) in any corporation, partnership, joint venture, trust or other entity, other than a Subsidiary of the Company.

(d) The copy of the Company Equity Plan that is filed in the Data Room is complete and correct copies thereof as in effect on the date hereof. Section 4.2(d) of the Company Disclosure Letter sets forth a list of the holders of Company Options as of the date hereof, including the date of grant, exercise or purchase price, number of shares of capital stock of the Company subject thereto and the Company Equity Plan pursuant to which such Company Option was granted.

(e) The aggregate consideration for Company Common Stock and Company Options payable to the holders thereof under Article III as of the date of this Agreement and as of the Closing shall not exceed $46,036,953 (the "**Aggregate Consideration**"), which consists of amounts not to exceed (i) $45,855,153 with respect to holders of shares of Company Common Stock, and (ii) $181,800 with respect to the Option Cash Payment for the holders of Company Options; provided that the Company shall not be deemed to have breached this Section 4.2(e) (A) solely by virtue of proper exercises of Company Options outstanding as of the date of this Agreement in accordance with their terms, so long as the net effect of such exercises of Company Options does not increase the Aggregate Consideration or (B) to the extent there are changes to the relative portion of the Aggregate Consideration set forth in each of clauses (i) and (ii) of this Section 4.2(e), so long as such changes do not increase the Aggregate Consideration.

*Section 4.3* Authority Relative to Agreement.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement and, subject to obtaining the Requisite Shareholder Approval, to consummate the transactions contemplated hereby, including the Merger. The execution, delivery and performance of this Agreement by the Company, and the consummation by the Company of the transactions contemplated by this Agreement, have been duly and validly authorized by all necessary corporate action by the Company, and except for the Requisite Shareholder Approval, no other corporate action or Proceeding on the part of the Company is necessary to authorize the execution, delivery and performance of this Agreement by the

Company and the consummation by the Company of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery of this Agreement by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights and remedies generally and (ii) the remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) The board of directors of the Company has, by resolutions duly adopted by unanimous vote of the directors, (i) adopted and approved this Agreement and the other agreements and transactions contemplated hereby and thereby, including the Merger, (ii) determined that this Agreement and the transactions contemplated hereby are advisable, fair to and in the best interests of the Company and Company's shareholders, (iii) resolved to make the Company Recommendation (provided that any change or modification or rescission of such recommendation by the board of directors of the Company in accordance with Section 6.5(e) shall not be a breach of the representation in (iii)) and (iv) directed that this Agreement be submitted to the Company's shareholders for their approval.

*Section 4.4* No Conflict; Required Filings and Consents.

(a) Neither the execution, delivery or performance of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby will (i) contravene, conflict with, breach or violate any provision of the Company's restated articles of incorporation or amended and restated bylaws or (ii) assuming that the Consents, registrations, declarations, filings and notices referred to in Section 4.4(b) have been obtained or made, any applicable waiting periods referred to therein have expired and any condition precedent to any such Consent has been satisfied, conflict with or violate in any material respect any Law applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected, or (iii) except as set forth in Section 4.4(a) of the Company Disclosure Letter, result in any breach of, or constitute a default (with or without notice or lapse of time, or both) in any material respect under, or give rise to any right of termination, acceleration or cancellation or change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled under any provision of any Company Material Contract, or (iv) result in the creation or imposition of any Lien, other than any Permitted Lien or any Lien created as a result of any action taken by Parent or Merger Sub, upon any of the material property or assets of the Company or any of its Subsidiaries.

(b) No consent, approval, license, permit, order or authorization (a "**Consent**") of, or registration, declaration or filing with, or notice to, any Governmental Authority is required to be obtained or made by or with respect to the Company or any of its Subsidiaries in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, other than (i) applicable requirements of and filings with the OTC, (ii) the filing of the Certificate of Merger with the Michigan LARA and appropriate documents with the relevant authorities of the other jurisdictions in which the

Company or any of its Subsidiaries is qualified to do business, (iii) applicable requirements under corporation or Blue Sky Laws of various states, (iv) such filings as may be required in connection with the Taxes described in Section 8.7, and (v) such additional Consents, registrations, declarations, filings or notices the failure of which to be obtained or made would not reasonably be expected to (x) have, individually or in the aggregate, a Company Material Adverse Effect or (y) impair in any material respect the ability of the Company to perform its obligations hereunder or prevent or materially delay the consummation of the transactions contemplated hereby on a timely basis.

*Section 4.5* Permits; Compliance With Laws.

(a) (i) The Company and its Subsidiaries are in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders necessary for the Company and its Subsidiaries to carry on their business as now being conducted (the "**Company Permits**"), and (ii) all Company Permits are in full force and effect and no suspension or cancellation of any of the Company Permits is pending or, to the Knowledge of the Company, threatened.

(b) Except as set forth in Section 4.5(b) of the Company Disclosure Letter, to the Knowledge of the Company, none of the Company or any of its Subsidiaries is, or within the past three (3) years has been, under investigation by any Governmental Authority with respect to, any default or violation in any material respect of any (i) Law applicable to the Company or any of its Subsidiaries by which any of their respective properties or assets are bound or (ii) Company Permit.

*Section 4.6* Company Disclosure Documents; Financial Statements; Indebtedness and Transaction Expenses.

(a) Except as set forth in Section 4.6(a) of the Company Disclosure Letter, since January 1, 2012, the Company has timely filed with the OTC all documents and reports required to be filed by it prior to the date hereof with the OTC. As of their respective dates, or, if amended, as of the date of the last such amendment, none of the Company Disclosure Documents at the time it was filed (or, if amended, as of the date of the last amendment) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, or are to be made, not misleading.

(b) Since January 1, 2012, the Company has complied in all material respects with the applicable listing, disclosure, corporate governance and other rules and requirements of the OTC.

(c) The consolidated financial statements (including all related notes) of the Company included in the Company Disclosure Documents (i) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and (ii) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as at the respective dates thereof and their consolidated statements of operations and consolidated statements of cash flows

for the respective periods then ended (subject, in the case of unaudited interim statements, to immaterial normal year-end audit adjustments and to the absence of notes thereto).

(d) Section 4.6(d) of the Company Disclosure Letter sets forth (i) the true and correct amount of the Company Indebtedness as of the close of business on the Business Day prior to the date hereof, and (ii) the estimate of the Working Capital as of the close of business on September 30, 2017. The Estimated Transaction Expenses set forth in Section 3.6(b) of the Company Disclosure Letter and such estimated of the Working Capital set forth in Section 4.6(d) of the Company Disclosure Letter are based upon the good faith belief of the management of the Company and reasonable in all material respects taking into account all facts and information known by the Company.

*Section 4.7* Information Supplied. None of the information supplied or to be supplied by or on behalf of the Company or any of its Subsidiaries expressly for inclusion or incorporation by reference in the proxy statement, or any amendment or supplement thereto, to be sent to the Company's shareholders in connection with the approval by the shareholders of the Company of this Agreement (together with any amendments or supplements thereto, the "**Proxy Statement**"), will, at the date it is first mailed to the shareholders of the Company and at the time of the Shareholders' Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will substantially comply as to form in all material respects with the applicable requirements of the OTC, including the OTC Alternative Reporting Standard Disclosure Guidelines (collectively, the "**OTC Rules**").

*Section 4.8* Disclosure Controls and Procedures. The Company and its management have established and maintain controls and procedures to (a) ensure that material information relating to the Company, including its consolidated Subsidiaries, is made known to the management of the Company by others within those entities and (b) provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of the Company financial statements for external purposes in accordance with GAAP. The Company and its management have disclosed, based on their most recent evaluation of the Company's internal control over financial reporting prior to the date hereof, to the Company's auditors and the audit committee of the board of directors of the Company (i) any significant deficiencies and material weaknesses in the design or operation of its internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and have identified for the Company's auditors any material weaknesses in such internal controls and (ii) any fraud, to the Knowledge of the Company, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

*Section 4.9* Absence of Certain Changes or Events. Since January 1, 2017, (a) the businesses of the Company and its Subsidiaries have been conducted in the ordinary course of business consistent with past practice and (b) there has not been any change, event, development or state of circumstances that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as set forth in Section 4.9 of the Company Disclosure Letter, since January 1, 2017 there has not been any action taken by the

Company or any of its Subsidiaries that, if taken during the period from the date hereof through the Effective Time without Parent's written consent, would constitute a breach of Section 6.1.

*Section 4.10* No Undisclosed Liabilities. Except as set forth in Section 4.10 of the Company Disclosure Letter, as of the date hereof, the Company and its Subsidiaries do not have any liabilities or obligations of any nature whatsoever, whether or not accrued, contingent, absolute, determined, determinable or otherwise that would be required by GAAP to be reflected on a consolidated balance sheet (or notes thereto) of the Company except (a) as reflected, disclosed or reserved against in the Company's consolidated balance sheet as of June 30, 2017 or the notes thereto included in the Company's most recent quarterly report, (b) for liabilities or obligations incurred in the ordinary course of business consistent with past practice since June 30, 2017, (c) for liabilities or obligations incurred in connection with the transactions contemplated hereby, and (d) for liabilities or obligations that have been discharged or paid in full before the date hereof.

*Section 4.11* Litigation. Except as set forth in Section 4.11 of the Company Disclosure Letter, there is no (and, during the prior three (3) years, there has not been any) Proceeding pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries or, to the Knowledge of the Company, any present or former officer, director or employee of the Company or any of its Subsidiaries for whom the Company or any of its Subsidiaries may be liable (or in the case of threatened Proceedings, that would be liable for) before or by any Governmental Authority nor is there any material judgment, injunction, writ, Order or decree (including against any of the Company Intellectual Property Rights where any of the foregoing restricts the use, validity or enforceability thereof) of any Governmental Authority outstanding against, or, to the Knowledge of the Company, investigation by any Governmental Authority involving the Company or any of its Subsidiaries. As of the date hereof, there is no Proceeding pending or, to the Knowledge of the Company, threatened seeking to prevent, hinder, modify, delay or challenge the Merger or any of the other transactions contemplated by this Agreement.

*Section 4.12* Employee Benefit Plans.

(a) Section 4.12(a) of the Company Disclosure Letter sets forth a true and complete list, as of the date hereof, of each Company Benefit Plan (which list may reference a form of such Company Benefit Plan). For purposes of this Agreement, the term "**Company Benefit Plan**" means (i) any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA, whether or not subject to ERISA) that the Company or any of its Subsidiaries sponsors, participates in, is a party or contributes to, or otherwise has or could reasonably be expected to have any liability or obligation; and (ii) each other employee benefit plan, program or arrangement, including any stock option, stock purchase, stock appreciation right or other stock or stock-based incentive, cash bonus or incentive compensation, retirement or deferred compensation, profit-sharing, unemployment or severance compensation, or employment or consulting or independent contractor, agreement, plan, policy, program or arrangement for any current or former employee or director of, or other service provider to the Company or any of its Subsidiaries that does not constitute an "employee benefit plan" (as defined in Section 3(3) of ERISA), that the Company or any of its Subsidiaries sponsors, participates in, is a party or

contributes to, or with respect to which the Company or any of its Subsidiaries has or could reasonably be expected to have any liability.

(b) The Company has made available to Parent a true and complete copy of each Company Benefit Plan and all amendments thereto and a true and complete copy of the following items (in each case, only if applicable): (i) each trust or other funding arrangement, (ii) each summary plan description and summary of material modifications, (iii) the most recently filed annual report on IRS Form 5500 and (iv) the most recently received IRS determination letter or IRS opinion letter.

(c) Each of the Company Benefit Plans has been established, maintained, operated, administered and funded in accordance with its terms and in compliance in all material respects with applicable Laws and Contracts.

(d) Except as disclosed in Section 4.12(d) of the Company Disclosure Letter, to the Knowledge of the Company, none of the Company, its Subsidiaries, any Company Benefit Plan, any trust created thereunder, nor any trustee or administrator thereof has engaged in a transaction in connection with which the Company, any Subsidiary, any Company Benefit Plan, any such trust, or any trustee or administrator thereof, or any party dealing with any Company Benefit Plan or any such trust could be subject to either a civil penalty assessed pursuant to section 409 or 502(i) of ERISA or a Tax imposed pursuant to section 4975 or 4976 of the Code.

(e) Each Company Benefit Plan intended to be qualified under Section 401(a) of the Code has either received a favorable determination letter from the IRS with respect to each such Company Benefit Plan as to its qualified status under the Code, or with respect to a prototype Company Benefit Plan, the prototype sponsor has received a favorable IRS opinion letter, or the Company Benefit Plan or prototype sponsor has remaining a period of time under applicable Code regulations or pronouncements of the IRS in which to apply for such a letter and make any amendments necessary to obtain a favorable determination or opinion as to the qualified status of each such Company Benefit Plan, and to the Knowledge of the Company, no event has occurred since the most recent determination or opinion letter or application therefor relating to any such Company Benefit Plan that would reasonably be expected to adversely affect the qualification of such Company Benefit Plan. Except as disclosed in Section 4.12(e) of the Company Disclosure Letter, the Company has no Benefit Plan maintained for employees outside of the United States.

(f) Section 4.12(f) of the Company Disclosure Letter separately identifies each Company Benefit Plan that is a "multiemployer plan" within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**") With respect to each Multiemployer Plan and Defined Benefit Plan, all contributions required to be paid by the Company or its ERISA Affiliates have been timely paid to the applicable Company Benefit Plan, "**ERISA Affiliate**" is defined as any Person that is a member of a "controlled group of corporations" with, or is under "common control" with, or is a member of the same "affiliated service group" with the Company, in each case, as defined in Sections 414(b), (c), (m) or (o) of the Code.

(g) Section 4.12(g) of the Company Disclosure Letter separately identifies each Company Benefit Plan that is a "single-employer plan" within the meaning of Section

4001(a)(15) of ERISA (each a "**Defined Benefit Plan**"). With respect to each Defined Benefit Plan, (i) no action has been initiated by the Pension Benefit Guaranty Corporation ("**PBGC**") to terminate any such Defined Benefit Plan or to appoint a trustee for any such Defined Benefit Plan, (ii) neither the Company nor any ERISA Affiliates has incurred any liability to the PBGC (other than premium payments which have been timely paid in full), (iii) no such Defined Benefit Plan has failed to satisfy the minimum funding standards of Section 302 of ERISA or Sections 412 and 430 of the Code, or has applied for or obtained a waiver from the Internal Revenue Service of any minimum funding requirement or an extension of any amortization period under Sections 412 and 430 of the Code or Section 303 or 304 of ERISA, (iv) non such Defined Benefit Plan has been required to file information pursuant to Section 4010 of ERISA for the current or most recently completed fiscal year; and (v) no "reportable event", as defined in Section 4043 of ERISA, has occurred, or is reasonably expected to occur, with respect to any such Defined Benefit Plan.

(h) There are no (i) claims, actions, suits, audits, investigations, disputes or claims (other than routine claims for benefits) pending, or, to the Knowledge of the Company, threatened against or affecting any Company Benefit Plan, by any Governmental Authority, employee, beneficiary, or participant covered under such Company Benefit Plan, as applicable, or otherwise involving such Company Benefit Plan.

(i) Except as set forth in Section 4.12(i) of the Company Disclosure Letter, neither the execution or delivery of this Agreement nor the consummation of the Merger will (i) entitle any current or former director, employee, consultant or independent contractor of the Company or any of its Subsidiaries to any material payment, except as expressly provided in this Agreement, (ii) materially increase the amount or value of any benefit or compensation or other obligation payable or required to be provided to any such director, employee, consultant or independent contractor, or any Company Benefit Plan, (iii) accelerate the time of payment or vesting of amounts due any such director, employee, consultant or independent contractor or accelerate the time of any funding (whether to a trust or otherwise) of compensation or benefits in respect of any of the Company Benefit Plans, or (iv) result in "excess parachute payments" within the meaning of Section 280G of the Code. Each Company Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance thereunder.

(j) Except as set forth in Section 4.12(j) of the Company Disclosure Letter, none of the Company or its Subsidiaries has any material obligations for post-termination health or life insurance benefits under any Company Benefit Plan (other than for continuation coverage required to be provided pursuant to Section 4980B of the Code for which the covered individual pays the full cost of coverage).

*Section 4.13* Labor Matters. Except as set forth in Section 4.13 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is a party to or bound by any works council or collective bargaining agreement, or other agreement with any labor organization or employee representative. There are no labor related strikes, walkouts, work stoppages, or other material labor disputes pending or, to the Knowledge of the Company, threatened, and, since January 1, 2014, neither the Company nor any of its Subsidiaries has

experienced any such labor related strike, walkout, work stoppage, or other material labor disputes. To the Knowledge of the Company, there is no (and since January 1, 2014 there has been no) pending organizing activity and no labor union or works council has made a pending written demand for recognition or certification, in each case, with respect to any employees of the Company or any of its Subsidiaries. With respect to the transactions contemplated by this Agreement, the Company and its Subsidiaries, as applicable, have or prior to the Closing Date will have (i) provided to its or their employees and their representatives any notice required under Law or collective bargaining agreement, and (ii) satisfied in all material respects all bargaining, consultation, consent or similar obligations owed to its or their employees and their representatives. To the Knowledge of the Company, no officer, executive or key employee of the Company or any of its Subsidiaries intends to terminate his or her employment with the Company or such Subsidiary within the first twelve (12) months following the Closing Date (except as explicitly contemplated by this Agreement).

*Section 4.14* Intellectual Property Rights.

(a) (i) The Company and its Subsidiaries own, or have a valid right to use in the manner currently used, all Intellectual Property Rights that are used in the business of the Company and its Subsidiaries as currently conducted (the "**Company Intellectual Property Rights**"), and (ii) neither the Company nor any of its Subsidiaries has received, in the twelve (12) months preceding the date hereof, any written charge, complaint, claim, demand or notice challenging the validity of any of the Company Intellectual Property Rights, and no loss or expiration of any Company Intellectual Property Right is pending or, to the Knowledge of the Company, threatened or reasonably foreseeable. The Company and its Subsidiaries have taken all steps reasonable under the circumstances to protect and maintain the Company Intellectual Property Rights. The Company Intellectual Property Rights are valid, subsisting and enforceable.

(b) To the Knowledge of the Company, the conduct of the business of the Company and its Subsidiaries as currently conducted does not infringe upon, misappropriate, or violate, and has not in the three (3) years prior to the date hereof, infringed, misappropriated, or violated any Intellectual Property Rights of any other Person. None of the Company or any of its Subsidiaries has received, in the twelve (12) months preceding the date hereof, any written charge, complaint, claim, demand, unsolicited offer to license or notice alleging any such infringement, misappropriation or violation by the Company or any of its Subsidiaries that has not been settled or otherwise fully resolved. To the Knowledge of the Company, as of the date hereof, no other Person is infringing, misappropriating or violating any Company Intellectual Property Rights.

(c) The Company and its Subsidiaries are in compliance in all material respects with all applicable Laws, all additional or higher leading industry standards or requirements, and all of the Company's or its Subsidiaries' internal policies and contractual obligations relating to privacy, data protection, and the collection and use of personal information collected, used, or held for use by the Company and its Subsidiaries. To the Knowledge of the Company, neither the Company nor its Subsidiaries have experienced any incident in which personally identifiable information or other protected information relating to

individuals was or may have been stolen or improperly accessed, including any breach of security or any notices or complaints from any Person regarding any such information.

(d) Section 4.14(d) of the Company Disclosure Letter sets forth a correct and complete list as of the date hereof of all (i) patented or registered Intellectual Property Rights owned by the Company or any of its Subsidiaries, and (ii) pending patent applications and applications for other registrations of Intellectual Property Rights filed by or on behalf of the Company or any of its Subsidiaries, including, to the extent applicable, the jurisdictions in which each such Intellectual Property Right has been issued or registered or in which any application for such issuance and registration has been filed. All necessary registration, maintenance and renewal fees in connection with the foregoing have been paid and all necessary documents and certificates in connection with the foregoing have been filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of perfecting, prosecuting, and maintaining the foregoing.

(e) Except as set forth in Section 4.14(e) of the Company Disclosure Letter, the Company and its Subsidiaries have entered into with all of its current and former employees and independent contractors (i) written assignment agreements assigning all Intellectual Property Rights created or developed within the scope of employment or engagement, as applicable, and (ii) written confidentiality agreements protecting the trade secrets and confidential information of the Company or its Subsidiaries, and all such assignment agreements and confidentiality agreements are valid and enforceable in accordance with their terms.

(f) Except as set forth in Section 4.14(f) of the Company Disclosure Letter, the Software, computer firmware, computer hardware, electronic data processing, information, record keeping, communications, telecommunications, networks, interfaces, platforms, peripherals and computer systems, including any outsourced systems and processes, that are owned or used by the Company or any of its Subsidiaries in the conduct of their respective businesses (collectively, the "**Computer Systems**") are reasonably sufficient for the immediate and currently anticipated future needs of the Company and its Subsidiaries, including as to capacity, and ability to process current and anticipated peak volumes in a timely manner. The Computer Systems are in sufficiently good working condition to effectively perform all information technology operations and include a sufficient number of license seats for all Software, in each case as reasonably necessary for the operation of the business of the Company and its Subsidiaries. The Company and its Subsidiaries use commercially reasonable efforts to protect the Computer Systems from becoming infected by, and to the Knowledge of the Company, the Computer Systems are free of, any disabling codes or instructions, including any virus, worm, Trojan horse, automatic restraint, time bomb or any other feature or function that may, intentionally or unintentionally, cause erasing, destroying, or corrupting of Software, systems, databases, or data. To the Knowledge of the Company, in the last eighteen (18) months, there have been no unauthorized intrusions or breaches of security, failures, breakdowns, continued substandard performance or other material and adverse events affecting any such Computer Systems that have caused any substantial disruption of or interruption in or to the use of such Computer Systems. The Company and its Subsidiaries maintain commercially reasonable security, disaster recovery and business continuity plans, procedures and facilities, act in compliance therewith in all material respects, and have taken commercially reasonable steps to

test such plans and procedures on a periodic basis, and such plans and procedures have been proven effective upon such testing in all material respects.

*Section 4.15* Taxes.

(a) (i) the Company and each of its Subsidiaries have filed all Tax Returns required to be filed by any of them; (ii) each of such filed Tax Returns (taking into account all amendments thereto) is complete and accurate in all material respects; and (iii) all Taxes payable by the Company and its Subsidiaries (whether or not shown to be due on such Tax Returns) have been timely paid in full.

(b) Except as set forth in Section 4.15(b) of the Company Disclosure Letter, (i) neither the Company nor any of its Subsidiaries has received written notice of any audit, examination, investigation or other Proceeding from any taxing authority in respect of liabilities for Taxes of the Company or any of its Subsidiaries, which have not been fully paid or settled; (ii) there are no Liens for Taxes on any of the assets of the Company or any of its Subsidiaries other than Permitted Liens; and (iii) with respect to any Tax years open for audit as of the date hereof, neither the Company nor any of its Subsidiaries has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax.

(c) Neither Company nor any of its Subsidiaries is or has been, within the last five (5) years, a United States real property holding corporation within the meaning of Code Section 897(c)(2).

(d) Neither the Company nor any of its Subsidiaries has engaged in any "listed transaction" as defined in Treasury Regulations Section 1.6011-4(b)(2) or Treasury Regulations Section 301.6111-2(b) in any Tax year for which the statute of limitations has not expired.

(e) Each of the Company and its Subsidiaries has properly withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any shareholder, employee, creditor, independent contractor, or other third party.

(f) The accrual for Taxes on the most recent balance sheet of the Company and its Subsidiaries would be adequate to pay all Tax liabilities of the Company and its Subsidiaries if its current taxable year were treated as ending on the Closing Date.

(g) None of the Company or its Subsidiaries is a party to or bound by any Tax allocation or Tax sharing agreement with any Person other than the Company and its Subsidiaries, and none has any current or potential contractual obligation to indemnify any other Person with respect to Taxes.

(h) No claim has ever been made by a taxing authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that such Person is or may be subject to taxation by such jurisdiction.

(i) Neither the Company nor any of its Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or agreement is still in effect.

(j) None of the Company or its Subsidiaries (A) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) or (B) has any liability for the Taxes of any Person (other than any of the Company or its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any corresponding or similar provision of state, local or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(k) None of the Company or its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date under Code Section 481(c) or any corresponding or similar provision of state, local or non-U.S. law); (ii) "closing agreement" as described in Code Section 7121 or any corresponding or similar provision of state, local or non-U.S. law); (iii) deferred intercompany gain or any excess loss account described in Treasury Regulation under Code Section 1502 or any corresponding or similar provision of state, local or non-U.S. law); (iv) installment sale made prior to the Closing Date; (v) prepaid amount received on or prior to the Closing Date; (vi) election under Code Section 108(i) (or any corresponding or similar provision of state, local or non-U.S. law); or (vii) use of an improper method of accounting for a taxable period on or prior to the Closing Date.

(l) Each of the Company and its Subsidiaries has complied with all statutory provisions, rules, regulations, orders and directions in respect of any value added or similar Tax on consumption, has promptly submitted accurate returns, maintains full and accurate records, and has never been subject to any interest, forfeiture, surcharge or penalty and is not a member of a group or consolidation with any other company for the purposes of value added taxation.

(m) During the last six (6) years, all transactions or arrangements made by each of the Company and its Subsidiaries have been made on arm's length terms and the processes by which prices and terms have been arrived at have, in each case, been fully documented. The prices and terms for the provision of any property or services undertaken by the Company and its Subsidiaries are arm's length for purposes of the relevant transfer pricing laws, and all related material documentation required by such laws has been timely prepared or obtained and, if necessary, retained.

(n) None of the Company or its Subsidiaries is or ever has been a "passive foreign investment company" within the meaning of Code Section 1297(a) or a "controlled foreign corporation" within the meaning of Code Section 957(a). None of the Company or its Subsidiaries has, or at any time has had, an investment in "United States property" within the meaning of Code Section 956(b).

(o) None of Parent or any of its Affiliates will be required to include in taxable income under Code Section 951 any taxable period (or portion thereof) ending after the

Closing Date a material amount of income arising from transactions or events occurring in a taxable period (or portion thereof) ending on or prior to the Closing Date.

(p) Section 4.15(p) of the Company Disclosure Letter set forth the federal Tax classification for each of the Company's Subsidiaries for U.S. federal income Tax purposes.

(q) Each contract, arrangement, or plan of the Company and its Subsidiaries that is a "nonqualified deferred compensation plan" (as defined for purposes of Code Section 409A(d)(1) is in documentary and operational compliance with Code Section 409A and the applicable guidance issued thereunder in all material respects. None of the Company or its Subsidiaries has any indemnity obligation for any Taxes imposed under Code Sections 4999 or 409A.

(r) None of the Company or its Subsidiaries is a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding or similar provision of state, local or non-U.S. law).

*Section 4.16* Material Contracts.

(a) Section 4.16(a) of the Company Disclosure Letter sets forth a list, as of the date hereof, of each Company Material Contract. For purposes of this Agreement, "**Company Material Contract**" means any Contract to which the Company or any of its Subsidiaries is a party or their respective properties or assets are bound, except for this Agreement, that:

(i) constitutes a "material contract" (as such term is defined in item 601(b)(10) of Regulation S-K of the SEC);

(ii) is a shareholders agreement or agreement relating to the issuance, voting, repurchase, redemption or transfer of any securities of the Company or any of its Subsidiaries or the granting of any registration rights with respect thereto;

(iii) is a settlement agreement, cross-license agreement, consent-to-use or standstill agreement, concurrent use agreement, covenant not to sue or standalone indemnification agreement;

(iv) (A) restricts in any material respect the right of the Company or any Subsidiary to engage or compete in any line of business, market or in any geographic area or with any Person, including with respect to hiring or soliciting for hire the employees or contractors of any third party (other than non-hire and non-solicitation provisions contained in confidentiality agreements), (B) grants any exclusive rights to any Person, including without limitation any exclusive license or supply or distribution agreement or other exclusive rights or which, pursuant to its terms, could have such effect after the Closing of the transactions contemplated hereby, (C) grants any rights of first refusal or rights of first negotiation with respect to any product or service of the Company, or (D) grants "most favored nation" rights;

(v) (A) requiring payments (1) to the Company or any Subsidiary of more than $100,000 in any year or $100,000 over the life of such Contract or (2) by the Company or any Subsidiary of more than $100,000 in any year or $100,000 over the life of such Contract, or (B) pursuant to which the Company (x) received more than $100,000 during the twelve months ended June 30, 2017 or (y) paid more than $100,000 during the twelve months ended June 30, 2017, excluding, in the case of both clauses (A) and (B), purchase orders issued to or by the Company in the in the ordinary course of business consistent with past practice;

(vi) is a (A) consulting (other than those that are terminable on no more than thirty (30) days' prior notice for consideration of less than $50,000), change of control, retention or severance agreement or arrangement or (B) employment agreement or arrangement (x) with any of officer of the Company or its Subsidiaries, (y) which involves annual compensation in excess of $80,000 or (z) which includes any bonus or other amount payable in connection with the transactions contemplated hereby;

(vii) is a loan, guarantee of indebtedness or credit agreement, security agreement, note, mortgage, indenture or other binding commitment (other than those between the Company and its Subsidiaries) relating to indebtedness for borrowed money or the deferred purchase price of property (in each case, whether incurred, assumed, guaranteed or secured by any asset), but excluding any ordinary course trade payables and receivables;

(viii) pursuant to which the Company or any of its Subsidiaries has any obligations or liabilities as guarantor, surety, co-signer, endorser or co-maker in respect of any obligation of any Person, or any capital maintenance, keep well or similar agreements or arrangement;

(ix) creates or grants a Lien on properties or other assets of the Company or any of its Subsidiaries, other than Permitted Liens;

(x) is an acquisition agreement, asset purchase agreement, stock purchase agreement or other similar agreement (other than agreements to purchase or acquire inventory in the ordinary course of business) (A) which has not been fully satisfied or performed (other than confidentiality obligations) or under which the Company or any of its Subsidiaries has any ongoing obligations, (B) for consideration (including assumption of debt) in excess of $100,000 or (C) pursuant to which any other Person has the right to acquire any assets of the Company or any of its Subsidiaries (or any interests therein) after the date of this Agreement with a purchase price of more than $50,000;

(xi) is a collective bargaining agreement or similar agreement with any labor union or association representing employees of the Company or any of its Subsidiaries, other than "works councils" required by Applicable Law;

(xii) is a Contract with a Company Related Party and involves continuing liabilities or obligations of the Company or its Subsidiaries;

(xiii) is a Contract that involves any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial contract or any other interest-rate, commodity price, equity value or foreign currency protection contract;

(xiv) is a Contract that contains a put, call or similar right pursuant to which the Company or any of its Subsidiaries could be required to purchase or sell, as applicable, any equity interests of any Person or asset;

(xv) is a Contract that would prohibit or materially delay the consummation of the Merger or otherwise materially impair the ability of the Company to perform its obligations hereunder; or

(xvi) is (A) a material Government Contract to which the Company is a party or (B) an outstanding material Government Bid.

(b) Neither the Company nor any Subsidiary of the Company is in breach of or default in any material respect under the terms of any Company Material. To the Knowledge of the Company, no other party to any Company Material Contract is in breach of or default in any material respect under the terms of any Company Material Contract, and, to the Knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any such event of default thereunder. Each Company Material Contract is a valid and binding obligation of the Company or its Subsidiary and, to the Knowledge of the Company, the other parties thereto; provided that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights and remedies generally and (ii) the remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any Proceeding therefor may be brought. Neither the Company nor any of its Subsidiaries has received, as of the date of this Agreement, any written or, to the Knowledge of the Company, oral notice relating to the termination or non-renewal, in whole or in part, of any Company Material Contract.

(c) Complete, correct and unredacted copies of each Company Material Contract, as amended and supplemented, have been filed in the Data Room.

*Section 4.17* Government Contracts. Section 4.17(a) of the Company Disclosure Letter sets forth a current, complete and accurate list of all of material Government Contracts that are currently active in performance, or have been active in performance since January 1, 2012 but have not been closed after receiving final payment, together with current information regarding: contract number, customer, customer agency, award date, and total anticipated contract value. Section 4.17(a) of the Company Disclosure Letter sets forth all outstanding Government Bids and the estimated value if awarded.

(a) Except as set forth in Section 4.17(b) of the Company Disclosure Letter, the Company has complied in all material respects with the terms and conditions of each

Government Contract and has complied in all material respects with all Laws applicable to each Government Contract and each Government Bid, all representations and certifications made by the Company with respect to any such Government Contract and/or Government Bid were accurate as of their effective date, all invoices and remittances to Governmental Authorities or others in connection with such Government Contracts and Government Bids were accurate when submitted or have been promptly corrected, and all applicable adjustments, discounts, rebates and interest have been properly and timely reported and credited.

*Section 4.18* Real Property.

(a) All real property owned by the Company or any of its Subsidiaries (collectively, the "**Owned Real Property**") is disclosed in Section 4.18(a) of the Company Disclosure Letter. With respect to the Owned Real Property, (i) neither the Company nor any of its Subsidiaries has received written notice of any condemnation Proceeding or proposed action or agreement for taking in lieu of condemnation (nor to the Knowledge of the Company, is any such Proceeding, action or agreement pending or threatened) with respect to any portion of the Owned Real Property and (ii) all buildings and improvements located on the Owned Real Property and used in the business of the Company are in a condition that is sufficient for the operation of the business of the Company thereat.

(b) All real property leased, subleased, licensed or otherwise occupied (whether as a tenant, subtenant or pursuant to other occupancy arrangements) by the Company or any of its Subsidiaries (collectively, including the improvements thereon, the "**Leased Real Property**") together with all Leases are disclosed in Section 4.18(b) of the Company Disclosure Letter. All buildings and improvements used in the business of the Company at the Leased Real Property are in a condition that is sufficient for the operation of the business of the Company thereat.

(c) As of the date hereof the Company and/or its Subsidiaries have good fee simple title to all Owned Real Property and valid leasehold, subleasehold or license interests in all Leased Real Property free and clear of all Liens, except Permitted Liens.

(d) As of the date hereof (i) neither the Company nor any of its Subsidiaries has received any written communication from, or given any written communication to, any other party to a lease for Leased Real Property or any lender, alleging that the Company or any of its Subsidiaries or such other party, as the case may be, is in default under any such Lease which remains uncured, (ii) to the Knowledge of the Company, no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under any such Lease, (iii) except as disclosed in Section 4.18(d) of the Company Disclosure Letter, neither the Company nor any Subsidiary has subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Real Property or any portion thereof.

*Section 4.19* Environmental. Except as disclosed in Section 4.19 of the Company Disclosure Letter:

(a) the Company and its Subsidiaries are and have been in material compliance with all applicable Environmental Laws, including, but not limited to, possessing and complying with all Company Permits required for their operations or occupation of any real property under applicable Environmental Laws;

(b) there is no pending or, to the Knowledge of the Company, threatened Proceeding pursuant to any Environmental Law against the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has received written notice or other information from any Person, including but not limited to any Governmental Authority, alleging that the Company or any of its Subsidiaries has been or is in material violation or potentially in violation of any applicable Environmental Law or otherwise may be materially liable under any applicable Environmental Law, which violation or liability is unresolved. Neither the Company nor any of its Subsidiaries is a party or subject to any administrative or judicial Order or decree pursuant to Environmental Law;

(c) with respect to any property or facility, including the Owned Real Property and the Leased Real Property, there have been no Releases, disposal or arrangement for the disposal, treatment, storage, transportation, manufacture, spills or discharges of, exposure of any Person to, or contamination by, Hazardous Materials on, in, from or underneath any of such properties or facilities, or at any adjacent or off-site location, that (i) has caused environmental contamination at such properties or facilities that has resulted or would result in an obligation of the Company or any of its Subsidiaries to perform any Remedial Action, or (ii) has resulted or would result in material liability of the Company or any of its Subsidiaries pursuant to applicable Environmental Law;

(d) the Company has made available to Parent copies of all environmental audits, assessments and reports, and all other material documents for the period of January 1, 2014, to the date of this Agreement, bearing on environmental, health or safety liabilities, in its possession or under its reasonable control, relating to the past or current operations, properties or facilities of the Company or its Subsidiaries.

(e) Section 4.19 of the Company Disclosure Letter contains (i) a description of all Company Permits under applicable Environmental Laws currently held by the Company in connection with the operation of its business, properties and assets, and identifies the, nature, duration and renewal dates of and the issuing governmental entity with respect to each such Company Permit, and (ii) a complete list of all solid waste and hazardous waste disposal, treatment, and storage facilities which are presently or were used by the Company at any time in the operation of its business for disposal of solid waste and Hazardous Materials. Each such current Company Permit is valid and in good standing, and the Company has not been advised by any Governmental Authority of any actual or potential change in the status or terms and conditions of any such Company Permit. All applications for renewal, extension, reissuance or modification of such Company Permits, or related submissions to any Governmental Authority, have been made in a complete and timely manner and the Company has no reason to believe that such application(s) will be denied, in whole or in part.

(f) no underground storage tanks, surface impoundments, asbestos containing materials or polychlorinated biphenyls are located at, on or under any property or facility currently owned, leased or used by the Company.

(g) the Company has not retained or assumed, either contractually or by operation of law, any liabilities or obligations that have formed or could reasonably be expected to form the basis of any Proceeding pursuant to any Environmental Law against the Company or any obligation to perform Remedial Action by the Company.

(h) no Environmental Law imposes any obligation upon the Company arising out of or as a condition to the transactions contemplated by this Agreement, including any requirement to modify or to transfer any Company Permit, or any requirement to file any disclosure statement, notice or other submission with any Governmental Authority, the placement of any disclosure statement, notice, acknowledgment or covenant in any land records, or the modification of or provision of notice under any agreement, consent order or consent decree.

*Section 4.20* International Trade Laws. The Company and its Subsidiaries, including their directors and officers, and to the Knowledge of the Company, all employees, agents and other persons acting on their behalf, are in compliance in all material respects with all applicable International Trade Laws. None of the Company or any of its Subsidiaries, or any of their directors or officers are aware of any civil or criminal investigation, audit or any other inquiry, or any allegations, internal investigations or reviews, or other facts or circumstances, involving or otherwise relating to any potential or actual violation of International Trade Laws by the Company or its Subsidiaries, or any of their directors, officers or employees, or any agents or other persons acting on their behalf.

*Section 4.21* Anti-Bribery. The Company and its Subsidiaries, including the directors, officers, agents, and persons acting on their behalf, are in compliance in all material respects with all applicable anti-bribery and anti-money laundering laws. None of the Company or any of its Subsidiaries, including the directors and officers, or to the Knowledge of the Company or its Subsidiaries, any agents or other persons acting on their behalf, have provided, offered, gifted or promised, directly or indirectly, anything of value to any official of any Governmental Authority, political party, or candidate for government office, nor provided or promised anything of value to any other person while knowing that all or a portion of that thing of value would or will be offered, given, or promised, directly or indirectly, to any official of any Governmental Authority, political party or candidate for government office, for the purposes of securing any improper advantage for the benefit of the Company and its Subsidiaries or assisting the Company and its Subsidiaries in obtaining or retaining business for or with, or directing business to, any person.

*Section 4.22* Rights Agreement. Assuming the accuracy of the representation contained in Section 5.11, the Company has taken all actions necessary or required under the Amended and Restated Rights Agreement dated as of April 27, 2000, as amended, between the Company and State Street Bank and Trust Company, and EquiServe Trust Company, N.A. as Rights Agent (as amended, the "**Rights Agreement**"), to cause the Rights Agreement to be rendered inapplicable to this Agreement, the Merger and the transactions contemplated by this Agreement.

*Section 4.23* Vote Required; Appraisal Rights and Takeover Statutes. Assuming the accuracy of the representation contained in Section 5.11, the approval of this Agreement by the affirmative vote of the holders of at least two-thirds (2/3) of the outstanding shares of Company Common Stock entitled to vote thereon at the Shareholders' Meeting (the "**Requisite Shareholder Approval**") is the only vote of holders of securities of the Company that is required in connection with the consummation of any of the transactions contemplated hereby. As of the date hereof, no current or former holder of Company Common Stock is entitled to appraisal, quasi-appraisal, dissenters or similar rights under the MBCA, and the Board of Directors of the Company has not adopted any resolution or taken any other action that could entitle any current or former holder of Company Common Stock to any appraisal, quasi-appraisal or similar right following the Closing. Assuming the accuracy of the representations and warranties of Parent and Merger Sub set forth herein, no state takeover statute or similar statute, including, without limitation, any "moratorium," "control share," "fair price," "affiliate transaction," "business combination" or other antitakeover Laws (including Section 780 of the MBCA) and regulations of any state or comparable antitakeover provision of the restated certificate of incorporation or bylaws of the Company ("**Takeover Laws**") applies or purports to apply to this Agreement, the Merger or the transactions contemplated by this Agreement. To the extent applicable, the Board of Directors of the Company has adopted and approved a resolution (which resolution shall remain in effect until the Effective Time) pursuant to Section 782(1)(b) of the MBCA to exempt Parent, Merger Sub and their existing or future affiliates from the requirements of Section 780 of the MBCA.

*Section 4.24* Insurance. Section 4.24 of the Company Disclosure Letter lists, as of the date hereof, all material insurance policies and fidelity bonds covering the assets, business, equipment, properties, operations, employees, officers or directors of the Company and its Subsidiaries (the "**Insurance Policies**"). The Company maintains insurance coverage with reputable insurers in such amounts and covering such risks as are in accordance with normal industry practice. The Insurance Policies are in full force and effect and will be maintained by the Company and its Subsidiaries in full force and effect as they apply to any matter, action or event relating to the Company or its Subsidiaries occurring through the Effective Time, and the Company and its Subsidiaries have not reached or exceeded their policy limits for any Insurance Policies in effect at any time during the past five (5) years. The Company and its Subsidiaries have paid, or caused to be paid, all premiums due under such policies and have not received written or, to the Knowledge of the Company, oral notice that they are in breach or default in any material respect with respect to any obligation or provisions under any Insurance Policy, and neither the Company nor its Subsidiaries have taken any action or failed to take any action which, with notice or the lapse of time, would constitute such a breach or default or permit termination or modification of the Insurance Policies. Neither the Company nor any of its Subsidiaries has received any written or, to the Knowledge of the Company, oral notice of cancellation or termination with respect to any Insurance Policy that is held by, or for the benefit of, any of the Company or any of its Subsidiaries. There is no claim by the Company or any of its Subsidiaries pending, nor has there been any claim pending during the past three (3) years, under any of such Insurance Policies as to which the Company has been notified that coverage has been questioned, denied or disputed in writing by the underwriters of such Insurance Policies.

*Section 4.25* Customers and Suppliers. Section 4.25(a) of the Company Disclosure Letter lists the ten (10) largest customers of the Company and its Subsidiaries (determined on the basis of aggregate revenues recognized by the Company and its Subsidiaries over the four (4) consecutive fiscal quarter period ended December 31, 2016 (each a "**Major Customer**"). Section 4.25(b) of the Company Disclosure Letter lists the ten (10) largest suppliers of the Company and its Subsidiaries (determined on the basis of aggregate purchases made by the Company and its Subsidiaries over the four (4) consecutive fiscal quarter period ended December 31, 2016 (each a "**Major Supplier**"). The Company has not received, as of the date of this Agreement, any written or, to the Knowledge of the Company, oral notice from any Major Customer or Major Supplier that such Major Customer or Major Supplier intends to terminate, or not renew, its relationship with the Company or its Subsidiaries.

*Section 4.26* Affiliated and Related Party Transactions. Section 4.26 of the Company Disclosure Letter contains a complete and correct list of all transactions between the Company or any of its Subsidiaries and any Company Related Party other than (a) transactions between the Company and its Subsidiaries and compensation paid to directors, officers or employees in the ordinary course of business consistent with past practices (including equity awards) and (b) transactions that do not involve continuing liabilities or obligations of the Company or its Subsidiaries. No Company Related Party holds, directly or indirectly: (i) any interest in any entity that purchases from or sells or furnishes to the Company or its Subsidiaries any goods or services; (ii) a beneficial interest in any Material Contract; or (iii) any Intellectual Property used in the conduct of business of the Company or its Subsidiaries.

*Section 4.27* Brokers. Except for KeyBanc Capital Markets, whose fees and expenses shall be comprised as part of the Transaction Expenses, no broker, finder, investment banker, consultant or intermediary is entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company or any of its Subsidiaries or any of their respective Affiliates.

*Section 4.28* Opinion of Financial Advisor. The board of directors of the Company has received the opinion, dated as of the date hereof, of KeyBanc Capital Markets, whose fees and expenses shall be comprised as part of the Transaction Expenses, that, as of the date hereof and subject to the limitations and assumptions set forth in such opinion, the Merger Consideration is fair, from a financial point of view, to the holders of shares of Company Common Stock. A signed copy of such opinion has been made available to Parent for informational purposes only.

*Section 4.29* No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV (including the portions of the Company Disclosure Letter) and any certificate delivered hereunder, neither the Company or its Subsidiaries, nor any other Person on behalf of the Company or its Subsidiaries, has made or makes any express or implied representation or warranty, either written or oral, with respect to the Company, including any representation or warranty as to the accuracy or completeness of any information regarding the Company, or with respect to any other information made available to Parent, Merger Sub, or their Representatives in connection with the transactions contemplated hereby (including any information, documents or material made available to Parent, Merger Sub, or their Representatives in the Data Room, management presentations or in any other form in expectation

of the transactions contemplated hereby) or as to the future revenue, profitability or success of the Company or its Subsidiaries.

## ARTICLE V

## REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as disclosed in the Parent Disclosure Letter, Parent and Merger Sub hereby jointly and severally represent and warrant to the Company as follows:

*Section 5.1* Organization and Qualification. Each of Parent and Merger Sub is a corporation, partnership or other entity duly organized, validly existing and (to the extent applicable) in good standing under the laws of the jurisdiction of its incorporation or organization and has the requisite company power and authority to conduct its business as it is now being conducted. Each of Parent and Merger Sub is duly registered, qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such registration, qualification or licensing necessary. Parent has made available to the Company a complete and correct copy of the Parent Organizational Documents, as currently in effect, and neither Parent nor Merger Sub is in violation of any provision of such documents.

*Section 5.2* Authority Relative to Agreement.

(a) Parent and Merger Sub have all necessary company power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, including the Merger. The execution, delivery and performance of this Agreement by Parent and Merger Sub, and the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement, have been duly and validly authorized by all necessary company action by Parent and Merger Sub, and, except as contemplated by this Agreement, no other action or Proceeding on the part of Parent and Merger Sub is necessary to authorize the execution, delivery and performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Parent and Merger Sub and, assuming due authorization, execution and delivery of this Agreement by the other party hereto and that this Agreement is a valid, legal and binding obligation of the other party hereto, constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights and remedies generally and (ii) the remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any Proceeding therefor may be brought.

(b) The board of directors or similar governing body of each of Parent and Merger Sub has, by unanimous resolutions duly adopted by the requisite vote of the directors or similar governing members, (i) adopted and approved this Agreement and the other agreements and transactions contemplated hereby and thereby, including the Merger, and (ii) determined that this Agreement and the transactions contemplated hereby are advisable and fair to and in the best

interests of Parent, Merger Sub and their respective shareholders or other equityholders, as applicable. Parent, acting in its capacity as the sole shareholder of Merger Sub, has adopted this Agreement and the transactions contemplated hereby.

(c) Neither the execution, delivery or performance of this Agreement by Parent and Merger Sub nor the consummation by Parent and Merger Sub of the transactions contemplated hereby will (i) contravene, conflict with, breach or violate any provision of Parent's or its Subsidiaries' articles of incorporation or bylaws (or equivalent organizational documents), (ii) assuming that the Consents, registrations, declarations, filings and notices referred to in Section 5.3 have been obtained or made, any applicable waiting periods referred to therein have expired and any condition precedent to any such Consent has been satisfied, conflict with or violate in any material respect any Law applicable to Parent or any of its Subsidiaries or by which any property or asset of Parent or any of its Subsidiaries is bound or affected or (iii) result in any breach of, or constitute a default (with or without notice or lapse of time, or both) in any material respect under, or give rise to any right of termination, acceleration or cancellation or change of any rights or obligation or the loss of any benefit to which Parent or Merger Sub is entitled under any provision of any Contract to which Parent or any of its Subsidiaries is a party, or by which any of their respective properties or assets is bound, or (iv) result in the creation of a Lien, upon any of the material property or assets of Parent or any of its Subsidiaries.

(d) No vote of, or consent by, the holders of any class or series of capital stock of Parent is necessary to authorize the execution, delivery and performance by Parent of this Agreement and the consummation of the transactions contemplated hereby or otherwise required by the certificate of incorporation or bylaws of Parent, applicable Law (including any shareholder approval provisions under the rules of any applicable securities exchange) or any Governmental Authority.

*Section 5.3* No Conflict; Required Filings and Consents. No Consent of, or registration, declaration or filing with, or notice to, any Governmental Authority is required to be obtained or made by or with respect to Parent or any of its Subsidiaries in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, other than (i) the filing with the OTC of such reports under the OTC Rules as may be required in connection with this Agreement and the transactions contemplated hereby, (ii) the filing of the Certificate of Merger with the Michigan LARA, (iii) such filings as may be required in connection with the Taxes described in Section 8.7, (iv) such other items required solely by reason of the participation of the Company in the transactions contemplated hereby, and (v) such additional Consents, registrations, declarations, filings or notices the failure of which to be obtained or made would not reasonably be expected to (x) have, individually or in the aggregate, a Parent Material Adverse Effect or (y) impair in any material respect the ability of Parent or Merger Sub to perform its obligations hereunder to prevent or materially delay consummation of the transactions contemplated hereby. There is no judgment, decree, injunction, settlement, ruling or Order of any arbitrator or Governmental Authority outstanding against Parent or Merger Sub that would reasonably be expected to (x) have, individually or in the aggregate, a Parent Material Adverse Effect or (y) impair in any material respect the ability of Parent or Merger Sub to perform its obligations hereunder to prevent or materially delay consummation of the transactions contemplate hereby on a timely basis.

*Section 5.4* Litigation. As of the date hereof, there is no Proceeding pending or, to the Knowledge of Parent, threatened against Parent or any of its Subsidiaries (including Merger Sub), nor is there any material judgment, injunction, writ, Order or decree of any Governmental Authority outstanding against, or, to the Knowledge of Parent, investigation by any Governmental Authority involving, Parent or any of its Subsidiaries (including Merger Sub).

*Section 5.5* Absence of Certain Agreements. Except for the Voting Agreement, neither Parent nor any of its Affiliates has entered into any Contract, arrangement or understanding (in each case, whether oral or written), or authorized, committed or agreed to enter into any Contract, arrangement or understanding (in each case, whether oral or written), pursuant to which any shareholder of the Company would be entitled to receive consideration of a different amount or nature than the Merger Consideration or pursuant to which any shareholder of the Company (a) agrees to vote to adopt this Agreement or the Merger or (b) agrees to vote against any Superior Proposal.

*Section 5.6* Information Supplied. None of the information supplied or to be supplied by or on behalf of Parent or any of its Subsidiaries (including Merger Sub) expressly for inclusion or incorporation by reference in the Proxy Statement will, at the date it is first mailed to the shareholders of the Company or at the time of any amendment or supplement thereof and at the time of the Shareholders' Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

*Section 5.7* Financing. Parent has or will have, and will cause Merger Sub to have, prior to the Effective Time, sufficient funds to pay the aggregate Merger Consideration contemplated by this Agreement and to perform the other obligations of Parent and Merger Sub contemplated by this Agreement.

*Section 5.8* Capitalization of Merger Sub. As of the date hereof, the authorized share capital of Merger Sub consists of 60,000 shares, no par value per share, all of which are validly issued and outstanding. All of the issued and outstanding share capital of Merger Sub is, and at the Effective Time will be, owned by Parent or a direct or indirect wholly owned Subsidiary of Parent. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby, and it has not conducted any business prior to the date hereof and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger and other transactions contemplated by this Agreement.

*Section 5.9* Investment Intention. Parent is acquiring through the Merger the shares of capital stock of the Surviving Corporation for its own account, for investment purposes only and not with a view to the distribution (as such term is used in Section 2(11) of the Securities Act) thereof. Parent understands that the shares of capital stock of the Surviving Corporation have not been registered under the Securities Act or any Blue Sky Laws and cannot be sold unless subsequently registered under the Securities Act, any applicable Blue Sky Laws or pursuant to an exemption from any such registration.

*Section 5.10* Brokers. Except as set forth in Section 5.10 of the Parent Disclosure Letter, no broker, finder, investment banker, consultant or intermediary is entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent, Merger Sub or any of their respective Subsidiaries or Affiliates.

*Section 5.11* Share Ownership. Except as set forth in Section 5.11 of the Parent Disclosure Letter, none of Parent, Merger Sub or their respective controlled Affiliates owns (directly or indirectly, beneficially or of record, including pursuant to a derivatives contract), or has owned at any time during the two (2) years preceding the date hereof, any Company Common Stock and none of Parent, Merger Sub or their respective controlled Affiliates or Subsidiaries holds any rights to acquire any Company Common Stock except pursuant to this Agreement.

*Section 5.12* Management Agreements. Other than this Agreement and the Voting Agreement, as of the date hereof, there are no contracts, undertakings, commitments, agreements or obligations or understandings between Parent or Merger Sub or any of their Affiliates or Subsidiaries, on the one hand, and any member of the Company's management or the board of directors, on the other hand, relating in any way to the Company (including relating to compensation and retention of the Company's management), transactions contemplated by this Agreement or the operations of the Company after the Effective Time.

## ARTICLE VI

## COVENANTS AND AGREEMENTS

*Section 6.1* Conduct of Business by the Company Pending the Merger. The Company covenants and agrees that, between the date of this Agreement and the earlier of the Effective Time and the date, if any, on which this Agreement is terminated pursuant to Section 8.1, except (i) as may be required by Law, (ii) as may be agreed in writing by Parent (which consent shall not be unreasonably withheld, delayed or conditioned), (iii) as may be expressly required or permitted pursuant to this Agreement, or (iv) as set forth in Section 6.1 of the Company Disclosure Letter, (x) the business of the Company and its Subsidiaries shall be conducted in the ordinary course of business consistent with past practice, and to the extent consistent therewith, the Company shall use its commercially reasonable efforts to preserve substantially intact the material components and assets of its current business organization, and to preserve in all material respects its present relationships with key customers, suppliers, employees and other persons with which it has material business relations; and (y) the Company shall not, and shall not permit any of its Subsidiaries to:

(a) amend or otherwise change the articles of incorporation or bylaws of the Company (or such equivalent organizational or governing documents of any of its Subsidiaries);

(b) split, combine, reclassify, redeem, repurchase or otherwise acquire or amend the terms of any capital stock or other equity interests or rights;

(c) issue, sell, pledge, dispose, encumber or grant any shares of its or its Subsidiaries' capital stock, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of its or its Subsidiaries' capital stock except (i) in connection with the Rights Agreement and (ii) for transactions among the Company and its direct or indirect wholly owned Subsidiaries or among the Company's direct or indirect wholly owned Subsidiaries; provided, however, that the Company may issue shares of Company Common Stock upon the exercise of any vested Company Option as is outstanding as of the date hereof;

(d) declare, authorize, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to the Company's or any of its Subsidiaries' capital stock or other equity interests, other than dividends paid by any Subsidiary of the Company to the Company or any wholly owned Subsidiary of the Company;

(e) except as required pursuant to existing written Company Benefit Plans that are set forth in Section 4.12(a) of the Company Disclosure Letter or written offer letters for newly hired or promoted employees entered into in the ordinary course of business (in each case whose aggregate compensation is less than $80,000 annually), (A) materially increase the compensation payable or to become payable or benefits provided or to be provided to (x) any member of the Company's board of directors, or (y) any current or former employees or independent contractors of the Company or any of its Subsidiaries, (B) except under Company Benefit Plans set forth in Section 4.12(a) of the Company Disclosure Letter applicable to newly hired employees hired to fill vacancies in the ordinary course of business of the Company, grant the opportunity to participate in any severance or termination pay plans or (C) establish, adopt, enter into or materially amend any Company Benefit Plan (or any arrangement which in existence as of the date hereof would constitute a Company Benefit Plan), plan, trust, fund, policy or arrangement for the benefit of any current or former directors, officers or employees of the Company or any of its Subsidiaries or any of their respective beneficiaries;

(f) implement any employee layoffs that would require notice under the Worker Adjustment and Retraining Notification Act of 1988, as amended (the "**WARN Act**"), or any similar foreign state or local Law;

(g) acquire (including by merger, consolidation, or acquisition of stock or assets), except in respect of any merger, consolidation, business combination among the Company and its wholly owned Subsidiaries or among the Company's wholly owned Subsidiaries, any corporation, partnership, limited liability company, other business organization or any division or material amount of assets thereof, or sell, lease, license (other than any nonexclusive license granted in the ordinary course of business), abandon, permit to lapse or expire or otherwise subject to a Lien other than a Permitted Lien or otherwise dispose of any material properties, rights (including Company Intellectual Property Rights) or assets of the Company or its Subsidiaries other than (1) sales of inventory in the ordinary course of business consistent with past practice or (2) pursuant to agreements existing as of the date hereof and set forth in Section 4.16(a) of the Company Disclosure Letter or entered into after the date hereof and set forth in Section 4.16(a) of the Company Disclosure Letter in accordance with the terms of this Agreement;

(h) disclose any trade secret or confidential information to any Person outside of the ordinary course of business consistent with past practice;

(i) incur, or amend in any material respect the terms of, any Company Indebtedness or assume or guarantee any such Company Indebtedness for any Person, provided that the Company shall be authorized to incur additional indebtedness under existing lines of credit in an amount not to exceed $500,000 in the aggregate, and provided further that the Company shall provide prompt notice to the Parent of each and every such incurrence of additional indebtedness after it has incurred $100,000 in the aggregate;

(j) enter into, modify, amend or terminate (1) any Company Material Contract other than in the ordinary course of business (except as expressly permitted in Section 6.5(d)) or (2) any Contract which if so entered into, modified, amended or terminated could be reasonably likely to (x) have a Company Material Adverse Effect, (y) impair in any material respect the ability of the Company to perform its obligations under this Agreement or (z) prevent or materially delay the consummation of the transactions contemplated by this Agreement;

(k) make any material change to its methods of accounting in effect at December 31, 2016, except (i) as required by GAAP (or any interpretation thereof), Regulation S-X or a Governmental Authority or quasi-Governmental Authority (including the Financial Accounting Standards Board or any similar organization) or (ii) as required by a change in applicable Law;

(l) adopt or enter into a plan of complete or partial liquidation, dissolution, recapitalization or other reorganization;

(m) settle or compromise any litigation other than settlements or compromises of litigation where the amount paid (less the amount reserved for such matters by the Company or otherwise covered by insurance) in settlement or compromise, in each case, does not exceed the amount set forth in Section 6.1(m) of the Company Disclosure Letter;

(n) other than in the ordinary course of business or consistent with past practice, make or change any Tax election, change any method of Tax accounting, settle or compromise any material Tax liability, file any amended Tax Return, enter into any closing agreement with respect to any material Tax or surrender any right to claim a refund for a material amount of Tax;

(o) take any action that would reasonably be expected to result in any of the conditions set forth in Article VII not being satisfied or that would impair the ability of the Company to consummate the Merger in accordance with the terms hereof or materially delay such consummation;

(p) make any loans, advances or capital contributions to or investments in any other Person;

(q) hire any new employees other than non-officer employees in the ordinary course of business consistent with past practice;

(r) terminate any officer or key employee of the Company or any of its Subsidiaries other than for good reason or for reasonable cause;

(s) incur or commit to incur any capital expenditures, or any obligations or liabilities in connection therewith that, individually or in the aggregate, are in excess of the amounts set forth in the Company's annual capital expenditure budget for periods following the date of this Agreement, as provided to Parent, or delay any material capital expenditures;

(t) except as otherwise expressly permitted in Section 6.5(d), waive, release, grant or transfer any right of material value, other than in the ordinary course of business consistent with past practice, or waive any material benefits of, or agree to modify in any material adverse respect, or, subject to the terms hereof, fail to enforce, or consent to any material matter with respect to which its consent is required under, any material confidentiality, standstill or similar agreement to which the Company or any of its Subsidiaries is a party;

(u) maintain insurance at less than current levels or otherwise in a manner inconsistent with past practice;

(v) enter into any transaction that could give rise to a disclosure obligation as a "reportable transaction" under Section 6011 of the Code and the regulations thereunder;

(w) engage in any transaction with, or enter into any agreement, arrangement or understanding with any Affiliate of the Company;

(x) grant any material refunds, credits, rebates or other allowances by the Company to any end user, customer, reseller or distributor, in each case, other than in the ordinary course of business;

(y) enter into any new line of business outside of its existing business segments;

(z) communicate with employees of the Company or any of its Subsidiaries regarding the compensation, benefits or other treatment that they will receive in connection with the Merger, unless any such communications are consistent with prior directives or documentation provided to the Company by Parent (in which case, the Company shall provide Parent with prior notice of and the opportunity to review and comment upon any such communications); or

(aa) enter into any agreement to do any of the foregoing.

*Section 6.2* Preparation of the Proxy Statement; Shareholders' Meeting.

(a) As promptly as practicable after the date hereof (and in any event within three (3) Business Days following the date of this Agreement), the Company shall prepare and deliver to the Parent the proposed form of the Proxy Statement to be mailed to the Company's shareholders. Parent and Merger Sub shall furnish to the Company all information concerning themselves and their Affiliates that is required to be included in the Proxy Statement and shall promptly provide such other assistance in the preparation of the Proxy Statement as may be

reasonably requested by the Company from time to time. The Company shall provide Parent reasonable opportunity to review and to propose comments on the Proxy Statement (and the Company shall give reasonable consideration to including any such comments in the Proxy Statement (or any supplement or amendment thereto) or response letter), except, in each case, to the extent prohibited by Law.

(b) If, at any time prior to the Shareholders' Meeting, any information relating to the Company, Parent, Merger Sub or any of their respective Affiliates, officers or directors is discovered by the Company or Parent or Merger Sub which should be set forth in an amendment or supplement to the Proxy Statement, so that the Proxy Statement shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, the party that discovers such information shall promptly notify the other parties thereof, and an appropriate amendment or supplement describing such information shall be filed with the OTC and, to the extent required by applicable Law, disseminated to the Company's shareholders.

(c) As promptly as practicable after the date hereof (and in any event within three (3) Business Days following the date on which Parent provides written notice to the Company that the Parent has no further comment to the Proxy Statement), (A) the Company shall establish a record date for, give notice of and call a meeting of its shareholders, for the purpose of voting upon the approval of this Agreement and the Merger (the "**Shareholders' Meeting**") and (B) the Company shall instruct its transfer agent to mail a notice and accompanying Proxy Statement to the Company's shareholders for purposes of the Shareholders' Meeting. Within fifteen (15) Business Days following the mailing date of the notice and accompanying Proxy Statement, the Company shall convene and hold the Shareholders' Meeting; provided that the Company may postpone or adjourn the Shareholders' Meeting only (i) with the written consent of Parent and Merger Sub, which consent shall not be unreasonably withheld, delayed or conditioned, (ii) for the absence of a quorum, (iii) after consultation with Parent, to allow reasonable additional time for any supplemental or amended disclosure which the Company has determined in good faith is necessary under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's shareholders prior to the Shareholders' Meeting or (iv) to allow additional solicitation of votes in order to obtain the Requisite Shareholder Approval; and provided further that, at Parent's request, the Company shall postpone the Shareholders' Meeting until the next Business Day (or as soon thereafter as practicable) after the expiration of any Notice Period related to a Competing Proposal or until such other date as shall be mutually agreed by the Parent and the Company. Once the Company has established the record date for the Shareholders' Meeting, the Company shall not change such record date or establish a different record date without the prior written consent of Parent, which consent shall not be unreasonably withheld, delayed or conditioned, unless required to do so by applicable Law. In the event that the date of the Shareholders' Meeting as originally called is for any reason adjourned or postponed or otherwise delayed, the Company agrees that unless Parent shall have otherwise approved in writing, it shall implement such adjournment or postponement or other delay in such a way that the Company does not establish a new record date for the Shareholders' Meeting, as so adjourned, postponed or delayed, except as required by applicable Law. Unless there has been an Adverse Recommendation Change pursuant to Section 6.5, the Company shall, through the board of

directors of the Company, provide the Company Recommendation and shall include the Company Recommendation in the Proxy Statement, and, unless there has been an Adverse Recommendation Change pursuant to Section 6.5, the Company shall use reasonable best efforts to solicit proxies in favor of the Requisite Shareholder Approval. Notwithstanding any Adverse Recommendation Change, unless this Agreement is validly terminated pursuant to, and in accordance, with Article VIII, this Agreement and the Merger shall be submitted to the holders of Company Common Stock for the purpose of obtaining the Requisite Shareholder Approval. The Company shall, upon the reasonable request of Parent, advise Parent on each of the last ten (10) Business Days prior to the date of the Shareholders' Meeting, as to the aggregate tally of the proxies received by the Company with respect to the Requisite Shareholder Approval. Without the prior written consent of Parent, approval of this Agreement and the Merger shall be the only matter (other than procedure matters) which the Company shall propose to be acted on by the holders of Company Common Stock at the Shareholders' Meeting.

*Section 6.3* Appropriate Action; Consents; Filings.

(a) Subject to the terms and conditions of this Agreement (including the limitations set forth in Section 6.5), the parties hereto will use their respective reasonable best efforts to consummate and make effective the transactions contemplated hereby and to cause the conditions to the Merger set forth in Article VII to be satisfied, including using reasonable best efforts to accomplish the following: (i) the obtaining of all necessary actions or non-actions, consents and approvals from Governmental Authorities necessary in connection with the consummation of the transactions contemplated by this Agreement, including the Merger, and the making of all necessary registrations and filings (including filings with Governmental Authorities, if any) and the taking of all reasonable steps as may be necessary to obtain an approval from, or to avoid a Proceeding by, any Governmental Authority necessary in connection with the consummation of the transactions contemplated by this Agreement, including the Merger, (ii) the obtaining of all other necessary consents, approvals or waivers from Third Parties, (iii) the defending of any lawsuits or other legal Proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby ("**Merger Litigation**"), including the Merger, performed or consummated by such party in accordance with the terms of this Agreement, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed and (iv) the execution and delivery of any additional instruments reasonably necessary to consummate the Merger and any other transactions to be performed or consummated by such party in accordance with the terms of this Agreement and to carry out fully the purposes of this Agreement. Notwithstanding the foregoing, obtaining any Third Party consents, approvals or waivers pursuant to Section 6.3(a)(ii) above shall not be considered a condition to the obligations of Parent and Merger Sub to consummate the Merger. The Company shall give Parent the right to review and comment on all material filings or responses to be made by the Company in connection with any Merger Litigation, and the right to consult on the settlement with respect to such Merger Litigation, and the Company will in good faith take such comments into account, and, no such settlement shall be agreed to without Parent's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

(b) Each of the parties hereto will furnish to the other such necessary information and reasonable assistance as the other may reasonably request in connection with the

preparation of any required governmental filings or submissions and will cooperate in responding to any inquiry from a Governmental Authority, including (i) promptly informing the other party of such inquiry, (ii) consulting in advance, and considering in good faith the other party's views, before making any presentations or submissions to a Governmental Authority, (iii) giving the other party the opportunity to attend and participate in any substantive meetings or discussions with any Governmental Authority, to the extent not prohibited by such Governmental Authority, and (iv) supplying each other with copies of all material correspondence, filings or communications between either party and any Governmental Authority with respect to this Agreement.

*Section 6.4* Access to Information; Confidentiality. Upon reasonable notice, the Company shall (and shall cause each of its Subsidiaries to) afford to the representatives, officers, directors, employees, agents, attorneys, accountants and financial advisors ("**Representatives**") of Parent and the Financing Sources reasonable access, in a manner not disruptive in any material respect to the operations of the business of the Company and its Subsidiaries, during normal business hours and upon reasonable notice throughout the period prior to the Effective Time, to the properties (including the real estate for the purpose of conducting appropriate environmental tests, inspections or investigations in accordance with the Environmental Access Agreements), Contracts, books and records of the Company and its Subsidiaries and, during such period, shall (and shall cause each of its Subsidiaries to) furnish promptly to such Representatives (A) all information concerning the business, properties and personnel of the Company and its Subsidiaries as may reasonably be requested and (B) to the extent available, for the period beginning after the date of this Agreement and ending at the Effective Time, as soon as practicable after the end of each month, and in any event within thirty (30) days thereafter, a copy of the monthly consolidated financial statements of the Company, including statements of financial condition, results of operations and statements of cash flow; provided, however, that nothing herein shall require the Company or any of its Subsidiaries to disclose any information to Parent or Merger Sub if such disclosure would, in the reasonable judgment of the Company, (i) violate applicable Law or the provisions of any agreement to which the Company or any of its Subsidiaries is a party or (ii) jeopardize any attorney-client or other legal privilege; provided that, with respect to the foregoing clause (i), the Company shall use commercially reasonable efforts to seek to obtain any Third Party's consent to the disclosure of such information and implement appropriate procedures to enable the disclosure of such information. Without limiting the foregoing, in the event that the Company does not disclose information in reliance on clause (i) or (ii) of the preceding sentence, it shall provide notice to Parent that it is withholding such information and shall use its commercially reasonable efforts to communicate, to the extent feasible, the applicable information in a way that would not waive such privilege or violate such Law or agreement. No investigation or access permitted pursuant to this Section 6.4 shall affect or be deemed to modify any representation or warranty made by the Company hereunder. The Confidentiality Agreement shall apply with respect to information furnished by the Company, its Subsidiaries and the Company's officers, employees and other Representatives hereunder.

*Section 6.5* Non-Solicitation; Competing Proposals.

(a) From and after the date of this Agreement until the Effective Time or, if earlier, the termination of this Agreement in accordance with its terms, the Company shall, and shall cause each of its Representatives and Subsidiaries to, immediately cease and cause to be

terminated any existing solicitation of, or discussions or negotiations with, any Third Party relating to any Competing Proposal or any existing inquiry, discussion, offer or request that could reasonably be expected to facilitate, encourage or lead to a Competing Proposal. To the extent the Company or its Representatives have not already done so, as promptly as reasonably practicable following the date hereof (and in any event within two (2) Business Days), the Company or its Representatives shall request in writing that each Third Party that has been provided with non-public information relating to the Company or its Subsidiaries in connection with its consideration of a Competing Proposal promptly return to the Company or destroy any non-public information previously furnished or made available to such Third Party or any of its Representatives by or on behalf of the Company or its Representatives in accordance with the terms of the confidentiality agreement in place with such Third Party.

(b) From and after the date of this Agreement until the Effective Time or, if earlier, the termination of this Agreement in accordance with its terms, the Company shall, as promptly as reasonably practicable, and in any event within twenty-four (24) hours of receipt by the Company, any of its Subsidiaries or any of their respective Representatives of any Competing Proposal or any inquiry or request relating to a Competing Proposal, or any request for nonpublic information of the Company or its Subsidiaries, deliver to Parent a written notice setting forth: (A) the identity of the Third Party making such Competing Proposal, inquiry or request and (B) the material terms and conditions of any such Competing Proposal (including, if applicable, copies of any written requests, proposals or offers, including proposed agreements, relating thereto). The Company shall keep Parent reasonably informed of the status and any material amendment or modification of any such Competing Proposal (including any change in the Company's intentions as previously notified to Parent) on a prompt basis, and in any event within twenty-four (24) hours thereof.

(c) Except as otherwise provided in this Section 6.5, from and after the date of this Agreement until the Effective Time or, if earlier, the termination of this Agreement in accordance with its terms, the Company shall not, and the Company shall instruct and cause its directors, officers, Representatives and Subsidiaries not to: (i) initiate, solicit or knowingly encourage the making of any Competing Proposal, including any inquiry or proposal that would reasonably be expected to lead to a Competing Proposal; (ii) engage in negotiations or discussions with, or furnish any nonpublic information to, any Person relating to a Competing Proposal or any inquiry or proposal that would reasonably be expected to lead to a Competing Proposal (it being understood that the Company will provide a mutually agreed summary of this Agreement in accordance with and only when required by the OTC Rules, which summary will be filed when mutually agreed by the parties and will include a copy of this Section 6.5 (the "**OTC Disclosure**"); (iii) grant access to the properties, books, records or personnel of the Company or its Subsidiaries to any Third Party who the Company has reason to believe is considering making, or has made, a Competing Proposal; (iv) approve, endorse, recommend, or execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement relating to a Competing Proposal or any proposal or offer that could reasonably be expected to lead to a Competing Proposal (an "**Acquisition Agreement**"), or that contradicts this Agreement or requires the Company to abandon this Agreement; or (v) resolve, propose or agree to do any of the foregoing.

(d) Notwithstanding anything to the contrary in this Agreement, at any time after the date of this Agreement and prior to the date that the Requisite Shareholder Approval is obtained at the Shareholders' Meeting, (i) the Company may, after the giving of the OTC Disclosure, waive any standstill or similar covenant applicable to a Third Party, provided that the Company shall merely give such Third Party written notice of such waiver (with a copy provided to the Parent promptly thereafter) and shall not solicit such Third Party to submit a Competing Proposal; and (ii) in the event that the Company receives a bona fide written Competing Proposal from any Third Party, (A) the Company and its Representatives may contact such Third Party to clarify the terms and conditions thereof and (B) the Company and its board of directors and its Representatives may engage in negotiations or substantive discussions with, or furnish any information and other access to nonpublic information concerning the Company and its Subsidiaries (including a copy of this Agreement for the purposes of providing the Marked Acquisition Agreement), any Third Party making such Competing Proposal and its Representatives or potential sources of financing if the Company's board of directors determines in good faith (after consultation with the Company's outside legal counsel and financial advisors) that (x) such Competing Proposal either constitutes a Superior Proposal or could reasonably be expected to result in a Superior Proposal and (y) the failure to take any of the foregoing actions would be reasonably likely to violate the directors' fiduciary duties to the shareholders of the Company under applicable Law; provided that (1) prior to furnishing any material nonpublic information concerning the Company and its Subsidiaries, the Company receives from such Third Party, to the extent such Third Party is not already subject to a confidentiality agreement with the Company, an executed confidentiality agreement containing confidentiality terms that are not materially less favorable to the Company than those contained in the Confidentiality Agreement (it being understood and agreed that such confidentiality agreement need not restrict the making of Competing Proposals (and related communications) to the Company or the Company's board of directors) and (2) any such material nonpublic information so furnished in writing shall be promptly made available to Parent to the extent it was not previously made available to Parent or its Representatives. Without modifying the generality of the foregoing, in making such good faith determinations the Company's board of directors shall take into consideration, among other factors: (A) whether such Third Party is reasonably likely to have adequate sources of financing or adequate funds to consummate such Competing Proposal; and (B) whether such Third Party has given reasonable assurances that it will not propose obtaining financing or stockholder approval of such Third Party's stockholders as a condition to its obligation to consummate such Competing Proposal. The Company shall require any Third Party submitting a Competing Proposal to provide a definitive agreement that marks any proposed changes to the terms of this Agreement (a "**Marked Acquisition Agreement**").

(e) Except as otherwise provided in this Section 6.5(e), the board of directors of the Company shall not (i) (A) withdraw, withhold, qualify or modify, or propose publicly or otherwise to withdraw, withhold, qualify or modify, in a manner adverse to Parent or Merger Sub, or fail to make, the Company Recommendation, (B) adopt, approve or recommend, or propose to adopt, approve or recommend, any Competing Proposal, (C) fail to publicly recommend against any Competing Proposal or fail to publicly reaffirm the Company Recommendation, in each case within three (3) Business Days after Parent so requests in writing, or (D) fail to include the recommendation of the Company's board of directors in favor of approval and adoption of this Agreement and the Merger in the Proxy Statement (any action

described in this clause (i) being referred to as an "**Adverse Recommendation Change**") or (ii) approve or recommend, or allow the Company, any of its Subsidiaries or any of their respective Representatives to execute, approve or enter into, any letter of intent, memorandum of understanding or definitive merger or similar agreement with respect to any Competing Proposal (other than a confidentiality agreement referred to in Section 6.5(d)). Notwithstanding anything to the contrary in this Section 6.5, at any time prior to receipt of the Requisite Shareholder Approval, if the Company has received a bona fide Competing Proposal from any Third Party that is not withdrawn and the board of directors of the Company concludes in good faith that such Competing Proposal constitutes a Superior Proposal, the board of directors of the Company may (x) make an Adverse Recommendation Change and/or (y) authorize, adopt or approve such Superior Proposal and cause or permit the Company to enter into a definitive merger or similar agreement with respect to such Superior Proposal concurrently with the termination of this Agreement pursuant to Section 8.1(c)(ii) and the payment of the Termination Fee, in each case only if (A) the board of directors of the Company determines in good faith (after consultation with its outside legal counsel) that the failure to take such action would be reasonably likely to violate the directors' fiduciary duties to the shareholders of the Company under applicable Law, (B) the board of directors of the Company has determined in good faith (after consultation with its legal counsel and financial advisors) that such Competing Proposal constitutes a Superior Proposal, and (C) neither the Company nor any of its Subsidiaries or Representatives has violated this Section 6.5; provided, however, that (1) no Adverse Recommendation Change may be made and (2) no termination of this Agreement pursuant to this Section 6.5(e) and Section 8.1(c)(ii) may be effected, in each case until after the fifth ($5^{th}$) Business Day (the "**Notice Period**") following Parent's receipt of a written notice from the Company advising Parent that the Company has received a Competing Proposal that is not withdrawn and that the board of directors of the Company has concluded in good faith that such Competing Proposal constitutes a Superior Proposal and, absent any revision to the terms and conditions of this Agreement, the board of directors of the Company has resolved to make an Adverse Recommendation Change or terminate this Agreement pursuant to this Section6.5(e) and Section 8.1(c)(ii) (a "**Notice of Superior Proposal"**) and specifying the reasons therefor, including the terms and conditions of any such Superior Proposal (including a copy of the Marked Acquisition Agreement and copies of all relevant documents relating to such Superior Proposal) and the identity of the party making the Superior Proposal, it being understood that the Notice Period shall not commence until after Parent has received all of the foregoing. During the Notice Period, the Company shall, and shall cause its Representatives to, (I) negotiate with Parent and its Representatives in good faith (to the extent Parent desires to negotiate) to make such adjustments in the terms and conditions of this Agreement, so that the Competing Proposal would cease to constitute a Superior Proposal, and (II) permit Parent and its Representatives to make a presentation to the board of directors of the Company regarding this Agreement and any adjustments with respect thereto (to the extent Parent desires to make such presentation). Any material amendment to the financial terms or any other material amendment of such Superior Proposal shall require a new Notice of Superior Proposal and the Company shall be required to comply again with the requirements of this Section 6.5(e), including the Notice Period. In determining whether a Competing Proposal constitutes a Superior Proposal, the board of directors of the Company shall take into account any changes to the terms and conditions of this Agreement timely proposed within the Notice Period by Parent in response to a Notice of Superior Proposal or otherwise. In the event that the Parent makes such adjustments in the terms and conditions of this Agreement so that the

Competing Proposal would cease to constitute a Superior Proposal, then the Company shall (X) immediately cease and cause to be terminated any discussions or negotiations with such Third Party relating to such Competing Proposal, and (Y) promptly hold the Shareholders' Meeting in accordance with Section 6.2(c), withdraw any Adverse Recommendation Change and reaffirm the Company Recommendation.

(f) Nothing in this Agreement shall restrict the Company or the board of directors of the Company from taking or disclosing a position contemplated by Rule 14e-2(a) under the Exchange Act, or otherwise making disclosure to comply with applicable Law with regard to a Competing Proposal (it being agreed that a factually accurate public statement by the Company that describes the Company's receipt of a Competing Proposal and the operation of this Agreement with respect thereto shall not be deemed to be an Adverse Recommendation Change or give rise to a Parent termination right pursuant to Section 8.1(d)(ii)).

(g) For purposes of this Agreement:

(i) "**Competing Proposal**" means any *bona fide* written or oral proposal or offer made by any Third Party (other than Parent, Merger Sub or any Affiliate thereof) or group of Third Parties as defined in Section 13(d)(3) of the Exchange Act to purchase or otherwise acquire, directly or indirectly, in one transaction or a series of transactions, (A) beneficial ownership (as defined under Section 13(d) of the Exchange Act) of twenty percent (20%) or more of any class of equity securities of the Company pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, tender offer (including a self-tender offer), exchange offer, liquidation, dissolution or similar transaction, (B) any one or more assets or businesses of the Company and its Subsidiaries that constitute twenty percent (20%) or more of the revenues, earnings or assets of the Company and its Subsidiaries, taken as a whole or (C) any other transaction the consummation of which would reasonably be expected to interfere with or prevent the Merger. Any Third Party submitting a Competing Proposal shall provide a definitive agreement that marks any proposed changes to the terms of this Agreement.

(ii) "**Superior Proposal**" means a Competing Proposal (with all percentages in the definition of Competing Proposal increased from twenty percent (20%) to seventy percent (70%)) made by a Third Party on terms that the board of directors of the Company determines in good faith (after consultation with its legal counsel and financial advisors) and considering such factors as the board of directors of the Company considers to be appropriate (including, among other things, financing contingencies, closing contingencies, timing and likelihood of closing the transaction with the Third Party, regulatory approvals, identity of the Third Party making the Competing Proposal (including whether shareholder approval of such Third Party is required), breakup fee and expenses reimbursement provisions and other events or circumstances beyond the control of the Company), are more favorable to the Company's shareholders than the transactions contemplated by this Agreement (including any changes to the terms

of this Agreement committed to by Parent to the Company in writing in response to such Competing Proposal under the provisions of Section 6.5(e)).

*Section 6.6* Directors' and Officers' Indemnification and Insurance.

(a) Parent and Merger Sub agree that all rights to exculpation and indemnification for acts or omissions occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time (including any matters arising in connection with the transactions contemplated hereby), now existing in favor of the current or former directors, officers and employees (including Persons who become directors, officers and employees before the Effective Time), if any ("**D&O Indemnified Parties**"), as the case may be, of the Company or its Subsidiaries as provided in their respective organizational documents as in effect on the date of this Agreement or in any Contract set forth in Section 6.6(a) of the Company Disclosure Letter shall survive the Merger and shall continue in full force and effect for a period of six (6) years from the Effective Time. For a period of six (6) years from the Effective Time, the Surviving Corporation shall (and Parent shall cause the Surviving Corporation and its Subsidiaries to) indemnify, defend and hold harmless, and advance expenses to D&O Indemnified Parties with respect to all acts or omissions by them in their capacities as such at any time prior to the Effective Time (including any matters arising in connection with this Agreement or the transactions contemplated hereby), to the fullest extent required by the organizational documents of the Company or its Subsidiaries as in effect on the date of this Agreement and as would be permitted by applicable Law. Parent shall cause the articles of incorporation, bylaws or other organizational documents of the Surviving Corporation and its Subsidiaries to contain provisions with respect to indemnification, advancement of expenses and limitation of director, officer and employee liability that are no less favorable to the D&O Indemnified Parties than those set forth in the Company's and its Subsidiaries' organizational documents as of the date hereof, which provisions thereafter shall not, for a period of six (6) years from the Effective Time, be amended, repealed or otherwise modified in any manner that would adversely affect the rights thereunder of the D&O Indemnified Parties.

(b) Prior to the Effective Time, the Company shall purchase a six (6) year prepaid "tail" policy on terms and conditions no less advantageous to the D&O Indemnified Parties, or any other Person entitled to the benefit of this Section 6.6, as applicable, than the existing directors' and officers' liability insurance and fiduciary insurance maintained by the Company or any of its Subsidiaries, as applicable, as of the date hereof, covering claims arising from facts, events, acts or omissions that occurred at or prior to the Effective Time, including the transactions contemplated hereby (provided that the premium for such insurance for the entire six (6) year term shall be in an amount mutually agreed by the Parent and the Company).

(c) In the event that Parent, the Surviving Corporation, any of the Company's Subsidiaries or any of their successors or assigns shall (i) consolidate with or merge into any other Person and shall not be the continuing or surviving company or entity of such consolidation or merger or (ii) transfer all or substantially all its properties and assets to any Person, then, and in each such case, Parent shall cause proper provision to be made so that the successor and assign of Parent, the Surviving Corporation or any such Subsidiary assumes the obligations set forth in this Section 6.6. The agreements and covenants contained herein shall not be deemed to be exclusive of any other rights to which any of the D&O Indemnified Parties is

entitled, whether pursuant to Law, Contract or otherwise. Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to the Company or its officers, directors and employees, it being understood and agreed that the indemnification provided for in this Section 6.6 is not prior to, or in substitution for, any such claims under any such policies.

(d) The D&O Indemnified Parties to whom this Section 6.6 applies shall be third-party beneficiaries of this Section 6.6. The provisions of this Section 6.6 are intended to be for the benefit of each D&O Indemnified Party and his or her successors, heirs or representatives. Notwithstanding any other provision of this Agreement, this Section 6.6 shall survive the consummation of the Merger indefinitely (or any earlier period actually specified in this Section 6.6) and shall be binding, jointly and severally, on all successors and assigns of Parent and the Surviving Corporation, and shall be enforceable by the D&O Indemnified Parties and their successors, heirs or representatives.

*Section 6.7* Notification of Certain Matters. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) any notice or other communication received by such party from any Governmental Authority in connection with the this Agreement, the Merger or the transactions contemplated hereby, or from any Person alleging that the consent of such Person is or may be required in connection with the Merger or the transactions contemplated hereby, (b) any Proceedings commenced or, to such party's Knowledge, threatened against, relating to or involving or otherwise affecting such party or any of its Subsidiaries which relate to this Agreement, the Merger or the transactions contemplated hereby and (c) any event, change or effect which causes or is reasonably likely to cause (i) any representation or warranty of such party contained in this Agreement to be no longer correct, or (ii) any breach by such party of any representation, warranty, covenant or agreement contained in this Agreement. In no event shall (x) the delivery of any notice by a party pursuant to this Section 6.7 limit or otherwise affect the respective rights, obligations, representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement, or (y) disclosure by the Company or Parent be deemed to amend or supplement the Company Disclosure Letter or constitute an exception to any representation or warranty.

*Section 6.8* Public Announcements. Except as otherwise contemplated by Section 6.5, the Company, Parent and Merger Sub shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby, and none of the parties or their Affiliates shall issue any such press release or make any public statement prior to obtaining the other parties' consent (which consent shall not be unreasonably withheld or delayed), except that no such consent shall be necessary to the extent disclosure may be required by Law, Order or applicable stock exchange rule or any listing agreement of any party hereto (in which case the disclosing party shall use its reasonable best efforts to consult with the other party prior to such disclosure) or is consistent with prior communications previously consented to by the other party. In addition, the Company may, without Parent or Merger Sub's consent, communicate statements with respect to this Agreement, the Merger or the transactions contemplated hereby to its employees, customers,

suppliers and consultants, provided that such communication is consistent with any communications plan previously agreed to by Parent and the Company.

*Section 6.9* Employee Benefits.

(a) For the period commencing at the Effective Time and ending on the one (1)-year anniversary thereof (the "**Benefit Period**"), Parent shall, or shall cause the Surviving Corporation to (i) provide to each employee of the Company or its Subsidiaries as of immediately prior to the Effective Time who remains an employee of the Surviving Corporation or one of its Affiliates immediately after the Effective Time (the "**Continuing Employees**") with, during their period of employment with the Surviving Corporation or one of its Affiliates in the Benefit Period, an annual rate of base salary or wages, as applicable, and cash incentive compensation target amount opportunity that are no less favorable in the aggregate than the annual rate of base salary or wages, as applicable, and the cash incentive compensation target amount opportunity provided to each such employee by the Company and its Subsidiaries immediately prior to the Effective Time, and (ii) provide the Continuing Employees who remain employees of the Surviving Corporation or one of its Affiliates with employee benefits (excluding any equity-based compensation or benefits and employee benefits that are frozen, discontinued or, as of the Effective Time, being frozen or discontinued) that are substantially similar in the aggregate to the employee benefits (excluding any equity-based compensation or benefits and employee benefits that are frozen, discontinued or, as of the Effective Time, being frozen or discontinued) provided to such employees by the Company and its Subsidiaries immediately prior to the Effective Time under the Company Benefit Plans set forth in Section 4.12(a) of the Company Disclosure Letter.

(b) Parent agrees that the Surviving Corporation shall cause the Surviving Corporation's employee benefit plans established following the Closing Date during the Benefit Period (if any) and any other employee benefit plans covering the Continuing Employees during the Benefit Period (collectively, the "**Post-Closing Plans**"), to recognize the service of each Continuing Employee (to the extent such service was recognized by the Company under the analogous Company Benefit Plan for the same purpose) for purposes of eligibility, vesting and determination of the level of benefits (but not for benefit accrual purposes under a defined benefit pension plan) under the Post-Closing Plans, to the extent such recognition does not result in the duplication of any benefits.

(c) For the calendar year including the Effective Time, the Continuing Employees shall be credited with amounts to satisfy any deductible, co-payment, out-of-pocket maximum or similar requirements under the Post-Closing Plans that provide medical, dental and other welfare benefits (collectively, the "**Post-Closing Welfare Plans**") to the extent of amounts that were previously credited for such Continuing Employee for the same purposes under comparable Company Benefit Plans that provide medical, dental and other welfare benefits immediately prior to the Effective Time.

(d) As of the Effective Time, any waiting periods, pre-existing condition exclusions and requirements to show evidence of good health contained in any Post-Closing Welfare Plans that is a group health plan shall be waived with respect to the Continuing Employees (except to the extent any such waiting period, pre-existing condition exclusion, or

requirement of show evidence of good health was already in effect with respect to such employees and that have not been satisfied under the applicable Company Benefit Plan in which the participant then participates or is otherwise eligible to participate as of immediately prior to the Effective Time).

(e) Notwithstanding anything in this Section 6.9 to the contrary, nothing in this Agreement, whether express or implied, shall (i) limit the right of Parent or the Surviving Corporation to amend or terminate the employment of any individual or amend or terminate any Company Benefit Plan or any Post-Closing Plan, (ii) be treated as an amendment or other modification of any Company Benefit Plan, Post-Closing Plan, or any other employee benefit plans of the Company or Parent or as a guarantee of employment for any employee of the Company or any of its Subsidiaries, and (iii) confer upon any Person other than the parties hereto any rights or remedies hereunder.

*Section 6.10* Merger Sub. Parent shall take all commercially reasonable actions necessary to (a) cause Merger Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement and (b) ensure that, prior to the Effective Time, Merger Sub shall not conduct any business, or incur or guarantee any indebtedness or make any investments, other than as specifically contemplated by this Agreement.

*Section 6.11* No Control of the Company's Business. Nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' operations.

*Section 6.12* Conveyance Taxes. The Company and Parent shall reasonably cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees, and any similar taxes which become payable in connection with the transactions contemplated by this Agreement that are required or permitted to be filed on or before the Effective Time.

*Section 6.13* Removal from the OTC. Each of the parties agrees to reasonably cooperate with each other in taking, or causing to be taken, all actions necessary to remove the Company Common Stock from being quoted on the OTC, provided that such removal shall not be effective until or after the Effective Time.

*Section 6.14* Warn Act Compliance. At the Closing, the Company shall provide to Parent a true and correct list, by date and location, of all employees terminated by the Company and its Subsidiaries (other than for cause) in the ninety (90) day period immediately preceding the Closing Date. For a period of ninety (90) days immediately following the Closing Date, the Surviving Corporation shall take no action or make any omission that would give rise to notice obligations under the WARN Act without complying in all material respects with the requirements of the WARN Act.

*Section 6.15* R&W Insurance Policy. To the extent reasonably requested by the Parent, the parties hereto agree to work in good faith and to use their commercially reasonable efforts to secure a R&W Insurance Policy to be issued to the Parent or its designee in connection with the transactions contemplated by this Agreement.

*Section 6.16* ELT Insurance. Parent shall use its good faith commercially reasonable efforts to secure an ELT Default Insurance Policy to be issued on or before the Closing Date to the Parent or its designee in connection with the transactions contemplated by this Agreement.

*Section 6.17* Closing Statement. No later than the third (3rd) Business Day immediately preceding the Closing Date, the Company shall deliver to the Parent a closing statement setting forth an estimate, based upon the good faith belief of the management of the Company and reasonable in all material respects taking into account all facts and information known by the Company, of the following (the "**Closing Statement**"): (a) the Transaction Expenses as of the Closing Date; (b) the Company Indebtedness as of the Closing Date; and (c) the Working Capital as of the month ended immediately prior to the Closing Date. The Closing Statement shall be accompanied by reasonable supporting detail.

*Section 6.18* Update of Company Disclosure Letter. From the date hereof until the Closing Date, the Company shall disclose to Parent in writing in reasonable detail (in the form of a supplement or amendment to the Company Disclosure Letter) any material variances from the representations and warranties contained in Article IV and of any other fact or event that would be reasonably likely to cause or constitute a breach of the covenants in this Agreement made by the Company, in each case promptly upon discovery thereof. The delivery of any such updated Company Disclosure Letter will not be deemed to have cured any misrepresentation or breach that otherwise might have existed hereunder by reason of such variance or inaccuracy; provided that, notwithstanding the foregoing, solely with respect to information pursuant to any such variance or inaccuracy that first occurred after the date of this Agreement that gives Parent the right to terminate this Agreement pursuant to Article VIII (which termination right the Company shall have acknowledged in writing), if the Closing occurs, the delivery of any such updated Company Disclosure Letter shall be deemed to have amended the Company Disclosure Letter as of the date hereof with respect to the matters contained in such supplement or amendment and such updated Company Disclosure Schedule will be deemed to have cured any misrepresentation or breach that otherwise might have existed hereunder by reason of such variance or inaccuracy.

## ARTICLE VII

## CONDITIONS TO THE MERGER

*Section 7.1* Conditions to the Obligations of Each Party. The respective obligations of each party to consummate the Merger are subject to the satisfaction or (to the extent permitted by Law) waiver by the Company and Parent at or prior to the Effective Time of the following conditions:

(a) the Requisite Shareholder Approval shall have been obtained; and

(b) no Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order which is then in effect and has the effect of restraining, enjoining, rendering illegal or otherwise prohibiting consummation of the Merger.

*Section 7.2* Conditions to Obligations of Parent and Merger Sub to Effect the Merger. The obligations of Parent and Merger Sub to effect the Merger are, in addition to the conditions set forth in Section 7.1, further subject to the satisfaction or (to the extent permitted by Law) waiver by Parent at or prior to the Effective Time of the following conditions:

(a) each of the representations and warranties of the Company contained in this Agreement, without giving effect to any materiality or "**Company Material Adverse Effect**" qualifications therein, shall be true and correct as of the Closing Date, except for such failures to be true and correct as would not have, individually or in the aggregate, a Company Material Adverse Effect (except to the extent such representations and warranties are expressly made as of a specific date, in which case such representations and warranties shall be so true and correct as of such specific date only); provided, however, that the representations and warranties contained in the first two sentences of Section 4.1 (Organization and Qualification; Subsidiaries), Section 4.2(a-d) (Capitalization), Section 4.3 (Authority Relative to Agreement), Section 4.22 (Rights Agreement), Section 4.23 (Vote Required), Section 4.27 (Brokers) and Section 4.28 (Opinion of Financial Advisor) shall be required to be true and correct in all respects as of the Closing Date (except, solely with respect to Section 4.2 (Capitalization), de minimis errors); and Parent shall have received a certificate signed on behalf of the Company by a senior executive officer of the Company to the effect that the conditions set forth in this Section 7.2(a) have been satisfied;

(b) the Company shall deliver an affidavit, under penalties of perjury, stating that the Company is not and has not been a United States real property holding corporation, dated as of the Closing Date and in form and substance required under Treasury Regulation Section 1.897-2(h);

(c) since the date of this Agreement, there shall not have occurred a Company Material Adverse Effect;

(d) the Company shall have timely filed all documents and reports required to be filed under the OTC Rules with the OTC with respect to the Merger and the transactions contemplated herein prior to the Effective Time;

(e) the Company shall have delivered to Parent payoff letters with respect to all Company Indebtedness outstanding as of the Closing and releases of all Liens securing such Company Indebtedness and with respect to all unpaid Transaction Expenses, which payoff letters shall set forth the payment required on the Closing Date to satisfy in full the applicable obligations, along with a statement from the obligee that the payment of such amount will satisfy in full all applicable obligations of the Company and its Subsidiaries; provided that in no event shall such Transaction Expenses exceed 105% of the Estimated Transaction Expenses;

(f) the resignations and mutual releases executed by directors, managers of limited liability companies and officers of each of the Company and its Subsidiaries shall have been delivered to Parent in substantially the form attached hereto as Exhibit B (the "**Management Resignations and Releases**");

(g) Douglas Church shall execute and deliver a confirmation in substantially the form attached hereto as Exhibit C to the effect that Good Reason does not exist for his resignation, as that term is defined in The Elco Corporation President Severance Pay Plan such that he would be entitled to any benefit under the Elco Corporation President Severance Pay Plan (the "**Church Confirmation**");

(h) Robert Lunoe, David Millin and Thomas Steib each shall execute and deliver a confirmation in substantially the form attached hereto as Exhibit D to the effect that Good Reason does not exist for their resignation, as that term is defined in The Elco Corporation Senior Management Severance Pay Plan such that he would be entitled to any benefit under The Elco Corporation Senior Management Severance Pay Plan (the **"Senior Management Confirmation"**); and

(i) the Company shall have performed or complied in all material respects with its obligations required under this Agreement to be performed or complied with on or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by a senior executive officer of the Company to such effect.

*Section 7.3* Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger is, in addition to the conditions set forth in Section 7.1, further subject to the satisfaction or (to the extent permitted by Law) waiver by the Company at or prior to the Effective Time of the following conditions:

(a) each of the representations and warranties of Parent and Merger Sub contained in this Agreement, without giving effect to any materiality or "**Parent Material Adverse Effect**" qualifications therein, shall be true and correct as of the Closing Date, except for such failures to be true and correct as would not have, individually or in the aggregate, a Parent Material Adverse Effect (except to the extent such representations and warranties are expressly made as of a specific date, in which case such representations and warranties shall be so true and correct as of such specific date only); and the Company shall have received a certificate signed on behalf of Parent and Merger Sub by a senior executive officer of Parent to the effect that the conditions set forth in this Section 7.3(a) have been satisfied; and

(b) Parent and Merger Sub shall have performed or complied in all material respects with their respective obligations required under this Agreement to be performed or complied with on or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent and Merger Sub by a senior executive officer of Parent to such effect.

## ARTICLE VIII

## TERMINATION, AMENDMENT AND WAIVER

*Section 8.1* Termination. Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Effective Time, whether before or after the Requisite Shareholder Approval is obtained (except as otherwise expressly noted), as follows:

(a) by mutual written consent of each of Parent and the Company; or

(b) by either Parent or the Company, if:

(i) the Merger shall not have been consummated on or before 5:00 p.m. (eastern time) on the date that is ninety (90) days from the date of this Agreement (the "Termination Date"); provided, however, that the right to terminate this Agreement pursuant to this Section 8.1(b)(i) shall not be available to any party if the failure of such party to perform or comply with any of its obligations under this Agreement has been the principal cause of or resulted in the failure of the Closing to have occurred on or before such date; or

(ii) prior to the Effective Time, any Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order or taken any other action permanently restraining, enjoining, rendering illegal or otherwise prohibiting the transactions contemplated by this Agreement, and such Law or Order or other action shall have become final and non-appealable; provided, however, that the party seeking to terminate this Agreement pursuant to this Section 8.1(b)(ii) shall have used its reasonable best efforts as required by this Agreement to remove such Law, Order or other action; and provided, further, that the right to terminate this Agreement under this Section 8.1(b)(ii) shall not be available to a party if the issuance of such Law or Order or taking of such action was primarily due to the failure of such party, and in the case of Parent, including the failure of Merger Sub, to perform any of its obligations under this Agreement; or

(iii) the Requisite Shareholder Approval shall not have been obtained at the Shareholders' Meeting duly convened therefor or at any adjournment or postponement thereof at which this Agreement and the transactions contemplated hereby have been voted upon; or

(c) by the Company, if:

(i) Parent or Merger Sub shall have breached or failed to perform any of their respective representations, warranties, covenants or other agreements set forth in this Agreement, which breach or failure to perform (A) would give rise to the failure of any condition set forth in Section 7.3(a) or Section 7.3(b) and (B) is not capable of being cured, or is not cured, by Parent or Merger Sub on or before the earlier of (x) the Termination Date and (y) the date that is thirty (30) calendar days following the Company's delivery of written notice to Parent or Merger Sub, as applicable, of such breach; provided, however, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(c)(i) if the

Company is then in material breach of any of its representations, warranties, covenants or agreements hereunder;

(ii) the board of directors of the Company shall have authorized the Company to enter into an Acquisition Agreement with respect to a Superior Proposal; provided that, substantially concurrently with such termination, the Company enters into such Acquisition Agreement and pays (or causes to be paid) at the direction of Parent the Termination Fee as specified in Section 8.3(a)(ii); or

(iii) (A) all the conditions set forth in Section 7.1 and Section 7.2 have been and continued to be satisfied (other than those conditions that by their terms are to be satisfied by actions taken at the Closing, provided that such conditions are at the time of termination capable of being satisfied as if such time were the Closing), (B) Parent and Merger Sub shall have failed to consummate the Merger by the time the Closing was required by Section 2.2, (C) the Company has irrevocably notified Parent in writing that all of the conditions set forth in Article VII have been satisfied or, with respect to the Company's conditions, waived (or would be satisfied or waived if the Closing were to occur on the date of such notice) and the Company stands and will stand ready, willing and able to consummate the Merger at such time, (D) the Company shall have given Parent written notice at least five (5) Business Days prior to such termination stating the Company's intention to terminate this Agreement pursuant to this (iii) and the basis for such termination and (E) the Merger shall not have been consummated by the end of such five (5) Business Day Period; or

(d) by Parent, if:

(i) the Company shall have breached or failed to perform any of its representations, warranties, covenants or other agreements set forth in this Agreement, which breach or failure to perform (A) would give rise to the failure of any condition set forth in Section 7.2(a) or Section 7.2(i), and (B) is not capable of being cured, or is not cured, by the Company on or before the earlier of (x) the Termination Date and (y) the date that is thirty (30) calendar days following Parent's delivery of written notice to the Company of such breach; provided, however, that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.1(d)(i) if Parent or Merger Sub is then in material breach of any of its representations, warranties, covenants or agreements hereunder;

(ii) the board of directors of the Company shall have made an Adverse Recommendation Change; provided that Parent's right to terminate this Agreement pursuant to this Section 8.1(d)(i) shall expire upon the Requisite Shareholder Approval having been obtained; or

(iii) the Company shall have breached any of its obligations under Section 6.5 (other than any immaterial or inadvertent breaches thereof not intended to result in a Competing Proposal).

*Section 8.2* Effect of Termination. In the event that this Agreement is terminated and the Merger abandoned pursuant to Section 8.1, written notice thereof shall be given to the other party or parties, specifying the provisions hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void and of no effect without liability on the part of any party hereto (or any of its Affiliates or Representatives), and all rights and obligations of any party hereto shall cease; provided, however, that, except as otherwise provided in Section 8.3 or in any other provision of this Agreement, no such termination shall relieve any party hereto of any liability or damages resulting from fraud occurring prior to such termination or the willful breach by any party of any of its representations, warranties, covenants or agreements set forth in this Agreement, in which case, except as otherwise provided in Section 8.3, the aggrieved party shall be entitled to all remedies available at law or in equity; and provided, further, that the Confidentiality Agreement and the provisions of this Section 8.2, Section 8.3, Section 8.7 and Article IX shall survive any termination of this Agreement pursuant to Section 8.1 in accordance with their respective terms.

*Section 8.3* Termination Fee.

(a) In the event that:

(i) (A) a Third Party shall have made a Competing Proposal after the date of this Agreement, (B) this Agreement is subsequently terminated by (x) the Company or Parent pursuant to Section 8.1(b)(i) or Section 8.1(b)(iii) or (y) Parent pursuant to Section 8.1(d)(i) or Section 8.1(d)(iii), and (C) within twelve (12) months of such termination of this Agreement, the Company consummates a transaction involving a Competing Proposal; provided, however, that clause (iii) in the definition of "Competing Proposal" shall be deemed to be deleted;

(ii) this Agreement is terminated by the Company pursuant to Section 8.1(c)(ii); or

(iii) this Agreement is terminated by Parent pursuant to Section 8.1(d)(ii) or Section 8.1(d)(iii),

then the Company shall, (A) in the case of clause (i) above, no later than two (2) Business Days following the date of the consummation of such transaction involving a Competing Proposal, (B) in the case of clause (ii) above, prior to or substantially concurrently with such termination, and (C) in the case of clause (iii) above, no later than two (2) Business Days after the date of such termination, pay, or cause to be paid, at the direction of Parent, the Termination Fee (less the amount of any Parent Expense Reimbursement paid or payable to Parent pursuant to Section 8.6(a), if any); it being understood that in no event shall the Company be required to pay the Termination Fee on more than one occasion.

(b) Notwithstanding anything to the contrary set forth in this Agreement, but subject to Section 9.9, Parent's right to receive payment from the Company of the Termination Fee pursuant to Section 8.3(a) and/or Parent Expense Reimbursement pursuant to Section 8.6(a), in circumstances where the Termination Fee is owed pursuant to Section 8.3(a)(i), or the Parent Expense Reimbursement is owed pursuant to Section 8.6(a), shall constitute the sole and

exclusive remedy of Parent, Merger Sub and any of their respective former, current or future general or limited partners, shareholders, members, equityholders, controlling persons, managers, directors, officers, employees, agents, Affiliates, or assignees of any of the foregoing (collectively, the "**Parent Related Parties**") against the Company and its Subsidiaries and any of their respective, direct or indirect, former, current or future general or limited partners, shareholders, members, equityholders, controlling persons, managers, directors, officers, employees, agents, Affiliates or assignees of any of the foregoing (collectively, the "**Company Related Parties**") for all losses and damages suffered as a result of any breach or failure to perform hereunder giving rise to such termination (whether intentional or unintentional), and upon payment of such amount, none of the Company Related Parties shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated thereby with respect to such breach or failure to perform, other than any losses or damages incurred or suffered by Parent or Merger Sub as a result of the Company's fraud or willful breach (and except that the Company shall also be obligated with respect to Section 8.2, Section 8.3(c) and Section 8.7, as applicable). Notwithstanding the foregoing, it is explicitly agreed that Parent and Merger Sub shall be entitled to obtain an injunction, or other appropriate form of specific performance or equitable relief to enforce this Section 8.3(b), in accordance with Section 9.9.

(c) Each of the parties hereto acknowledges that (i) the agreements contained in this Section 8.3 are an integral part of the transactions contemplated by this Agreement, (ii) each of the respective Termination Fees and respective Expense Reimbursements are not a penalty, but are liquidated damages, in a reasonable amount that will compensate Parent and Merger Sub or the Company in the circumstances in which such fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, which amount would otherwise be impossible to calculate with precision and (iii) without these agreements, Parent and Merger Sub and the Company would not enter into this Agreement; accordingly, if the Company or Parent fails to timely pay any amount due pursuant to this Section 8.3 and, in order to obtain such payment, Parent or the Company commences a suit that results in a judgment against the Company or Parent for the payment of any amount set forth in this Section 8.3, the Company shall pay Parent or Parent shall pay the Company, as the case may be, its reasonable and documented costs and Expenses in connection with such suit, together with interest on such amount at the annual rate of five percent (5%) plus the prime rate as published in *The Wall Street Journal* in effect on the date such payment was required to be made through the date such payment was actually received, or such lesser rate as is the maximum permitted by applicable Law.

*Section 8.4* Amendment. This Agreement may be amended by mutual agreement of the parties hereto by action taken by or on behalf of their respective boards of directors or governing bodies at any time before or after receipt of the Requisite Shareholder Approval; provided, however, that after the Requisite Shareholder Approval has been obtained, there shall not be any amendment that by Law or in accordance with the rules of the OTC requires further approval by the shareholders of the Company without such further approval of such shareholders nor any amendment or change not permitted under applicable Law. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

*Section 8.5* Extension; Waiver. At any time prior to the Effective Time, subject to applicable Law, Parent or Merger Sub, on the one hand, or the Company, on the other hand, may (a) extend the time for the performance of any obligation or other act of the other party(ies) hereto, (b) waive any inaccuracy in the representations and warranties of the other party(ies) contained herein or in any document delivered pursuant hereto and (c) waive compliance with any agreement or condition contained herein. Any such extension or waiver shall only be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. Notwithstanding the foregoing, no failure or delay by the Company, Parent or Merger Sub in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

*Section 8.6* Expense Reimbursement.

(a) Parent Expense Reimbursement. In the event this Agreement is terminated pursuant to (i) Section 8.1(b)(iii) or (ii) Section 8.1(d)(i), in each case under circumstances in which the Termination Fee is not then payable pursuant to Section 8.3(a)(i), and prior to the time of such termination by Parent, Parent and Merger Sub were not in material breach of their representations, warranties, covenants or agreements under this Agreement, then the Company shall, no later than two (2) Business Days after the date of such termination, pay, or cause to be paid, at the direction of Parent, $1,500,000 in consideration of the cost and expense incurred by Parent and its Affiliates in connection with the transactions contemplated by this Agreement (the "**Parent Expense Reimbursement**"); provided that the existence of circumstances which could require the Termination Fee to become subsequently payable by the Company pursuant to Section 8.3(a)(i) shall not relieve the Company of its obligations to pay the Parent Expense Reimbursement pursuant to this Section 8.6(a); provided, further, that the payment by the Company of Parent Expense Reimbursement pursuant to this Section 8.6(a) shall not relieve the Company of any subsequent obligation to pay the Termination Fee pursuant to Section 8.3(a) except to the extent indicated in Section 8.3(a). Notwithstanding the foregoing, it is explicitly agreed that Parent and Merger Sub shall be entitled to obtain an injunction, or other appropriate form of specific performance or equitable relief in accordance with Section 9.9.

(b) Company Expense Reimbursement. In the event this Agreement is terminated by the Company pursuant to Section 8.1(c)(i), and prior to the time of such termination by the Company, the Company was not in material breach of its representations, warranties, covenants or agreements under this Agreement, then the Parent shall, no later than two (2) Business Days after the date of such termination, pay, or cause to be paid, at the direction of the Company, the actual, documented cost and expense incurred by the Company and its Affiliates in connection with the transactions contemplated by this Agreement, which shall not exceed $1,500,000 (the "**Company Expense Reimbursement**"). Notwithstanding the foregoing, it is explicitly agreed that Parent and Merger Sub shall be entitled to obtain an injunction, or other appropriate form of specific performance or equitable relief in accordance with Section 9.9.

*Section 8.7* Expenses; Transfer Taxes. Except as expressly set forth herein, all Expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such Expenses. Parent shall, or, following the

Effective Time, shall cause the Surviving Corporation to, timely and duly pay all (i) transfer, stamp and documentary Taxes or fees and (ii) sales, use, gains, real property transfer and other similar Taxes or fees arising out of or in connection with entering into and carrying out this Agreement.

## ARTICLE IX

## GENERAL PROVISIONS

*Section 9.1* Non-Survival of Representations, Warranties and Agreements. The representations, warranties, covenants and agreements in this Agreement and any certificate delivered pursuant hereto by any Person shall terminate at the Effective Time or, except as provided in Section 8.2, upon the termination of this Agreement pursuant to Section 8.1, as the case may be, except that this Section 9.1 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time or after termination of this Agreement, including those contained in Section 6.6, Section 6.9 and the Confidentiality Agreement.

*Section 9.2* Notices. All notices, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by hand delivery, by prepaid overnight courier (providing written proof of delivery) or by confirmed facsimile transmission or electronic mail (provided that, in the case of electronic mail, such confirmation is not automated), addressed as follows:

if to Parent or Merger Sub:

Italmatch USA Corporation
5544 Oakdale Road
Smyrna GA 30082
Phone: (678) 904-4021
Fax:
Email: dmccaul@compasschemical.com
Attention: Daniel K. McCaul

with copies (which shall not constitute notice) to:

Italmatch Chemicals S.p.A.
Via Pietro Chiesa, 7/13 (Piano 8)
Torri Piane
San Benigno, GE 16149 Italy
Phone: +39 (010) 6420-8201
Fax: +39 (010) 469-5301
Email: s.iorio@italmatch.it
Attention: Sergio Iorio

and to:

Dykema Gossett PLLC
400 Renaissance Center
Detroit, Michigan 48243
Phone: (313) 568-5374
Fax: (866) 697-9682
Email: jbernard@dykema.com
Attention: J. Michael Bernard

if to the Company:

Detrex Corporation
1000 Belt Line St.
Cleveland, Ohio 44109
Phone: 216-749-2605
Fax: 216-749-7462
Email: tmark@detrex-hq.com
Attention: Thomas E. Mark

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

Clark Hill PLC
500 Woodward Avenue, Suite 3500
Detroit, Michigan 48226
Phone: (313) 965-8385
Fax: (313) 309-6885
Email: jhensien@clarkhill.com
Attention: John P. Hensien

or to such other address, electronic mail address or facsimile number for a party as shall be specified in a notice given in accordance with this Section 9.2; provided that any notice received by facsimile transmission or electronic mail or otherwise at the addressee's location on any Business Day after 5:00 p.m. (addressee's local time) or on any day that is not a Business Day shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next Business Day; provided, further, that notice of any change to the address or any of the other details specified in or pursuant to this Section 9.2 shall not be deemed to have been received until, and shall be deemed to have been received upon, the later of the date specified in such notice or the date that is five (5) Business Days after such notice would otherwise be deemed to have been received pursuant to this Section 9.2.

*Section 9.3* Interpretation; Certain Definitions.

(a) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(b) Disclosure of any fact, circumstance or information in any Section of the Company Disclosure Letter or Parent Disclosure Letter shall be deemed to be disclosure of such fact, circumstance or information with respect to any other Section of the Company Disclosure Letter or Parent Disclosure Letter, respectively, if it is reasonably apparent on the face of such disclosure that such disclosure relates to any such other Section. The inclusion of any item in the Company Disclosure Letter or Parent Disclosure Letter shall not be deemed to be an admission or evidence of materiality of such item, nor shall it establish any standard of materiality for any purpose whatsoever.

(c) The words "hereof," "herein," "hereby," "hereunder" and "herewith" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to articles, sections, paragraphs, exhibits, annexes and schedules are to the articles, sections and paragraphs of, and exhibits, annexes and schedules to, this Agreement, unless otherwise specified, and the table of contents and headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the phrase "without limitation." Words describing the singular number shall be deemed to include the plural and vice versa, words denoting any gender shall be deemed to include all genders, words denoting natural persons shall be deemed to include business entities and vice versa and references to a Person are also to its permitted successors and assigns. The phrases "the date of this Agreement" and "the date hereof" and terms or phrases of similar import shall be deemed to refer to November 10, 2017, unless the context requires otherwise. When used in reference to the Company or its Subsidiaries, the term "material" shall be measured against the Company and its Subsidiaries, taken as a whole. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder (provided that for purposes of any representations and warranties contained in this Agreement that are made as of a specific date or dates, references to any statute shall be deemed to refer to such statute, as amended, and to any rules or regulations promulgated thereunder, in each case, as of such date). Terms defined in the text of this Agreement have such meaning throughout this Agreement, unless otherwise indicated in this Agreement, and all terms defined in this Agreement shall have the meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. Any Law defined or referred to herein or in any agreement or instrument that is referred to herein means such Law as from time to time amended, modified or supplemented, including (in the case of statutes) by succession of comparable successor Laws (provided that for purposes of any representations and warranties contained in this Agreement that are made as of a specific date or dates, references to any statute shall be deemed to refer to such statute, as amended, and to any rules or regulations promulgated thereunder, in each case, as of such date). All references to "dollars" or "$" refer to currency of the United States of America.

*Section 9.4* Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to

modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Merger be consummated as originally contemplated to the fullest extent possible. Notwithstanding the foregoing, the parties intend that the remedies and limitations thereon contained in Section 8.3(b) and Section 8.3(c) be construed as an integral provision of this Agreement and that such remedies and limitations shall not be severable in any manner that increases a party's liability or obligations hereunder.

*Section 9.5* Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of Law or otherwise) without the prior written consent of the other parties; provided, however, that Parent and Merger Sub may transfer or assign their rights and obligations under this Agreement (in whole but not in part) to, (a) Parent or any of its Affiliates and/or to any parties providing the Financing pursuant to the terms thereof (including for purposes of creating a security interest herein or otherwise assign as collateral in respect of such Financing), and (b) after the Effective Time, any Person, provided that, in each case, no such transfer or assignment shall relieve Parent or Merger Sub of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns. Any attempted assignment in violation of this Section 9.5 shall be null and void.

*Section 9.6* Entire Agreement. This Agreement (including the exhibits, annexes and appendices hereto) constitutes, together with the Voting Agreement, the Confidentiality Agreement, the Company Disclosure Letter and the Parent Disclosure Letter, the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

*Section 9.7* No Third-Party Beneficiaries. This Agreement is not intended to and shall not confer upon any Person other than the parties hereto any rights or remedies hereunder; provided, however, that it is specifically intended that (A) the D&O Indemnified Parties (with respect to Section 6.6 from and after the Effective Time), and (B) the Parent Related Parties (with respect to Section 8.3) and the Company Related Parties (with respect to Section 8.3) are third-party beneficiaries.

*Section 9.8* Governing Law. This Agreement and all Proceedings or counterclaims (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of Parent, Merger Sub or the Company in the negotiation, administration, performance and enforcement thereof, shall be governed by, and construed in accordance with the laws of the State of Michigan, without giving effect to any choice or conflict of laws provision or rule (whether of the State of Michigan or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Michigan.

*Section 9.9* Specific Performance.

(a) The parties hereto agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy would occur in the event that the parties hereto do not perform their obligations under the provisions of this Agreement in accordance with its specified terms or otherwise breach such provisions. The parties

acknowledge and agree that the parties shall be entitled to an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the courts described in Section 9.10, this being in addition to any other remedy to which they are entitled at law or in equity.

(b) Extension of Termination Date. To the extent any party hereto brings a Proceeding to specifically enforce the performance of the terms and provisions of this Agreement in accordance with this Section 9.9 (other than an action to enforce specifically any provision that expressly survives the termination of this Agreement), the Termination Date shall automatically be extended to (i) the twentieth (20th) Business Day following the resolution of such Proceeding or (ii) such other time period established by the court presiding over such Proceeding.

*Section 9.10* Consent and Waiver of Objection to Jurisdiction and Venue.

(a) In the event any dispute arises out of this Agreement or the transactions contemplated hereby, each of the parties hereto hereby (a) irrevocably consents to personal jurisdiction in the courts of the State of Michigan, and any federal court sitting in the State of Michigan for the resolution of any dispute arising out of this Agreement or the transactions contemplated hereby, (b) waives any objection to and agrees that it will not in any action arising from such dispute attempt to deny, challenge or defeat personal jurisdiction by motion or otherwise, (c) agrees that it will not bring any action relating to this Agreement or the transactions contemplated hereby in any court other than the state courts of the State of Michigan, or any federal court sitting in the State of Michigan, (d) to the extent a dispute arises under this Agreement or the transactions contemplated hereby, agrees in the future to waive, to the fullest extent it may legally and effectively do so, any objection which it may have to venue in the state or federal courts sitting in the State of Michigan for any Proceeding arising out of or relating to this Agreement, and (e) agrees that each of the other parties shall have the right to bring any Proceeding in other states and jurisdictions for the enforcement of any judgment or order entered by the state courts of the State of Michigan or any federal court sitting in the State of Michigan and that a final judgment from the state courts of the State of Michigan or any federal court sitting in the State of Michigan shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(b) Each party irrevocably consents to the service of process outside the territorial jurisdiction of the courts referred to in Section 9.10(a) in any such Proceeding by mailing copies thereof by registered or certified United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 9.2, and the parties hereby waive any objection to the above manner of service. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

*Section 9.11* Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies (whether photostatic, facsimile or otherwise) of this Agreement may be made and relied upon to the same extent as an original. The exchange of copies of this Agreement and of signature pages by facsimile transmission or e-mail shall

constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

*Section 9.12* WAIVER OF JURY TRIAL. EACH OF PARENT, MERGER SUB AND THE COMPANY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF PARENT, MERGER SUB OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF (INCLUDING THE DEBT FINANCING).

**[*Remainder of page intentionally left blank; signature page follows.*]**

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**ITALMATCH USA CORPORATION**

By: /s/
Name: Daniel McCaul
Title: Chief Executive Officer

**CUYAHOGA MERGER SUB, INC.**

By: /s/
Name: Daniel McCaul
Title: President

**DETREX CORPORATION**

By: /s/
Name: Thomas Mark
Title: President and CEO

GUARANTEE

The undersigned, being the sole shareholder of the Parent, hereby unconditionally and irrevocably guarantees to the Company the full payment and the complete performance by the Parent and the Merger Sub of all of Parent's and Merger Sub's obligations under this Agreement in accordance with, and subject to, the terms and conditions hereof. The undersigned unconditionally waives (a) any right to require the Company to proceed against the Parent, Merger Sub or any other party or to pursue any other remedy in the Company's power whatsoever, and (b) all presentments, demands for performance, protests and notices which may be required by statute, rule, law or otherwise to preserve any rights against the undersigned hereunder. Notwithstanding the foregoing, the Company shall not take any action to enforce any rights against the undersigned with respect to payment or performance of the Parent's or Merger Sub's obligations under this Agreement unless and until the Company shall have first made a written demand on the Parent or Merger Sub, as the case may be (with a copy to the undersigned), in accordance with the notice provisions set forth in Section 9.2 of the Agreement requesting the Parent's or Merger Sub's payment or performance, which remains unsatisfied fifteen (15) days after the giving of such notice to the Parent or Merger Sub. The provisions of this Guarantee shall not be affected by the dissolution, merger, consolidation, or other change to or with respect to the Parent or Merger Sub.

**I**TALMATCH **C**HEMICALS **S.P.A.**

By: /s/
Name: Sergio Iorio
Title: CEO

## Appendix A

As used in this Agreement, the following terms shall have the following meanings:

"**Acquisition Agreement**" has the meaning specified in Section 6.5(c).

"**Adverse Recommendation Change**" has the meaning specified in Section 6.5(e).

"**Affiliate**" has the meaning set forth in Rule 12b-2 of the Exchange Act.

"**Aggregate Consideration**" has the meaning specified in Section 4.2(e).

"**Aggregate Merger Consideration**" has the meaning specified in Section 3.2(a).

"**Agreement**" has the meaning specified in the Preamble.

"**Benefit Period**" has the meaning specified in Section 6.9(a).

"**Blue Sky Laws**" means state securities or "blue sky" laws.

"**Book-Entry** Shares" has the meaning specified in Section 3.1(b).

"**Business Day**" means any day other than a Saturday, Sunday or a day on which all banking institutions in New York, New York are authorized or obligated by Law or executive order to close.

"**Certificate of Merger**" has the meaning specified in Section 2.3(a).

"**Certificates**" has the meaning specified in Section 3.1(b).

"**Church Confirmation**" has the meaning specified in Section 7.2(g).

"**Closing**" has the meaning specified in Section 2.2.

"**Closing Date**" has the meaning specified in Section 2.2.

"**Closing Statement**" has the meaning specified in Section 6.17.

"**Closing Transaction Expense Payments**" has the meaning specified in Section 3.6.

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

"**Company**" has the meaning specified in the Preamble.

"**Company Benefit Plan**" has the meaning specified in Section 4.12(a).

"**Company Common Stock**" has the meaning specified in Section 3.1(a).

"**Company Disclosure Documents**" means (i) all information posted by or on behalf of the Company on the Company's website at detrex.com, (ii) all proxy statement, annual reports,

quarterly reports and other filings of the Company available through the OTC website at otcmarkets.com; and (iii) all information sent by or on behalf of the Company to shareholders of the Company.

"**Company Disclosure Letter**" means the disclosure letter delivered by the Company to Parent simultaneously with the execution of this Agreement.

"**Company Equity Plan**" has the meaning specified in Section 3.3(b).

"**Company Expense Reimbursement**" has the meaning specified in Section 8.6(b).

"**Company Indebtedness**" means, on a consolidated basis, any obligations of the Company relating to indebtedness for borrowed money, (b) obligations of the Company evidenced by bonds, notes, debentures or similar instruments, (c) obligations in respect of capitalized leases (calculated in accordance with GAAP), (d) obligations in respect of banker's acceptances or letters of credit, (e) obligations for the deferred purchase price of property or services, (f) indebtedness or obligations of the types referred to in the preceding clauses (a) through (e) of any other Person secured by any Lien on any assets of the Company, even though the Company has not assumed or otherwise become liable for the payment thereof, (g) obligations in the nature of guarantees of obligations of the type described in clauses (a) through (e) above of any other Person, (h) obligations in respect of interest under any existing interest rate swap or hedge agreement entered into by the Company, (i) obligations under any sale and leaseback transaction, synthetic lease or other off-balance sheet loan or financing where the transaction is considered indebtedness for borrowed money for federal income Tax purposes but is classified as an operating lease in accordance with GAAP for financial reporting purposes, and (j) in each case together with all accrued interest thereon and any applicable prepayment, breakage or other premiums, fees or penalties.

"**Company Intellectual Property Rights**" has the meaning specified in Section 4.14(a).

"**Company Material Adverse Effect**" means any change, event, effect, fact, condition or circumstance which, individually or in the aggregate has resulted in or would reasonably be expected to: (i) result in a material adverse effect on the business, financial condition, assets, liabilities or results of operations of the Company and its Subsidiaries, taken as a whole, or (ii) prevent or materially delay or materially impair the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement; provided, however, that changes, events, effects, facts, conditions or circumstances which, directly or indirectly, to the extent they relate to or result from the following shall be excluded from the determination of Company Material Adverse Effect: (a) any condition, change, event, fact, effect or circumstance generally affecting any of the industries or markets in which the Company or its Subsidiaries operate; (b) any change in any Law or GAAP (or changes in interpretations of any Law or GAAP by a Governmental Authority); (c) general economic, regulatory or political conditions (or changes therein) or conditions (or changes therein) in the financial, credit or securities markets (including changes in interest or currency exchange rates) in any country or region in which the Company or its Subsidiaries conduct business; (d) any acts of God, natural disasters, terrorism, armed hostilities, sabotage, war or any escalation or worsening of acts of war; (e) any changes in the market price or trading volume of the Company Common Stock, any failure by the Company or its Subsidiaries to meet internal, analysts' or other earnings estimates or

financial projections or forecasts for any period, any changes in credit ratings and any changes in any analysts' recommendations or ratings with respect to the Company or any of its Subsidiaries (provided that the facts or occurrences giving rise to or contributing to such changes or failure that are not otherwise excluded from the definition of "Company Material Adverse Effect" may be taken into account in determining whether there has been a Company Material Adverse Effect); (f) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Parent or Merger Sub; and (g) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the Company; except, with respect to clauses (a), (b), (c) and (d), that if any such changes, events, effects or circumstances have a materially disproportionate effect on the Company and its Subsidiaries relative to other participants in the industries in which the Company and its Subsidiaries operate, such changes, events, effects or circumstances shall be taken into account in determining whether there has been, or there is reasonably likely to occur, a Company Material Adverse Effect.

"**Company Material Contract**" has the meaning specified in Section 4.16(a).

"**Company Option**" means each outstanding option to purchase shares of Company Common Stock.

"**Company Permits**" has the meaning specified in Section 4.5(a).

"**Company Recommendation**" means the recommendation of the board of directors of the Company that the shareholders of the Company adopt this Agreement and approve the transactions contemplated hereby, including the Merger.

"**Company Related Parties**" has the meaning specified in Section 8.3(b).

"**Competing Proposal**" has the meaning specified in Section 6.5(f)(i).

"**Computer Systems**" has the meaning specified in Section 4.14(f).

"**Confidentiality Agreement**" means the Confidentiality Agreement, dated July 21, 2015, as amended by Amendment No.1 thereto, dated October 19, 2015, between and the Company and Italmatch Chemicals SpA.

"**Consent**" has the meaning specified in Section 4.4.

"**Continuing Employees**" has the meaning specified in Section 6.9(a).

"**Contract**" means any written or oral contract, subcontract, lease, sublease, conditional sales contract, purchase order, sales order, task order, delivery order, license, indenture, note, bond, loan, instrument, understanding, permit, concession, franchise, commitment or other agreement.

"**control**" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the

management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by Contract or credit arrangement or otherwise.

"**D&O Indemnified Parties**" has the meaning specified in Section 6.6(a).

"**Data Room**" means the electronic data room for Project Cuyahoga maintained by the Company at intralinks.com for purposes of the transactions contemplated by this Agreement.

"**Effective Time**" has the meaning specified in Section 2.3(a).

"**ELT Agreements**" means the following: (i) the Environmental Liabilities Transfer Agreement dated June 18, 2013, as amended by the First Amendment thereto dated June 18, 2013, the Second Amendment thereto dated June 18, 2013, and the Mutual Release and Settlement Agreement, dated August 22, 2017; and (ii) Limited Guaranty Agreement dated June 18, 2013 in favor of the Company, as amended by the First Amendment to Limited Guaranty Agreement dated August 22, 2017.

"**ELT Default Insurance Policy**" means an insurance policy issued by an insurance carrier acceptable to the Parent providing for coverage arising out of the failure of the ELT Entities to pay for and/or perform their respective obligations under the ELT Agreements due to financial issues, intentional breach, or any other reason.

"**ELT Entities**" means Environmental Liability Transfer, Inc., a Missouri corporation, Commercial Development Company, Inc., a Missouri corporation, Trex Properties LLC, a Missouri corporation, Thomas E. Roberts, Karin L. Roberts, Michael J. Roberts and Melody A. Roberts.

"**Environmental Access Agreements** " means (i) the Access Agreement, dated December 8, 2015, between the Company and Geosyntec Consultants, Inc., and (ii) the Access Agreement, dated December 4, 2015, between the Company and Italmatch Chemicals SpA.

"**Environmental Laws**" means all Laws relating to pollution, public or worker health and safety or protection of the environment, including Laws relating to Releases and the manufacture, processing, distribution, use, treatment, storage, transport or handling of Hazardous Materials, including the Federal Water Pollution Control Act (33 U.S.C. §1251 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.), the Safe Drinking Water Act (42 U.S.C. §3000(f) et seq.), the Toxic Substances Control Act (15 U.S.C. §2601 et seq.), the Clean Air Act (42 U.S.C. §7401 et seq.), the Oil Pollution Act of 1990 (33 U.S.C. §2701 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601 et seq.), the Endangered Species Act of 1973 (16 U.S.C. §1531 et seq.), and other similar state and local statutes.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" has the meaning specified in Section 4.12(f).

"**Estimated Transaction Expenses**" has the meaning specified in Section 3.6.

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

"**Exchange Fund**" has the meaning specified in Section 3.2(a).

"**Expenses**" means all out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its Affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, and all other matters related to the Closing.

"**Financing Sources**" means the banks, financial institutions or other financing sources engaged by the Parent to provide a portion of the financing for the payment of the Aggregate Consideration.

"**GAAP**" means the United States generally accepted accounting principles.

"**Governmental Authority**" means any United States (federal, territorial, state or local) or foreign government, or any governmental, regulatory, judicial or administrative authority, agency, instrumentality, court, tribunal, or commission, or any subdivision, department or branch of any of the foregoing) or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"**Government Bid**" means any quotation, bid, offer or proposal made by the Company which, if accepted or awarded, would result in a Government Contract.

"**Government Contract**" means any Contract between the Company and (i) any Governmental Authority (*i.e.*, a prime contract), (ii) any party holding a prime contract with a Governmental Authority in its capacity as a prime contractor (*i.e.*, a subcontract), (iii) any subcontractor with respect to any Contract of a type described in clauses (i) or (ii) above, or (iv) a teaming agreement, strategic partnership or similar arrangement with another Person relating to any Contract of a type described in clauses (i) or (ii) or (iii) above.

"**Hazardous Materials**" means all substances, materials and wastes (i) defined as hazardous substances, oils, pollutants or contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, (ii) defined as hazardous substances, hazardous materials, pollutants, contaminants, toxic substances (or words of similar meaning and regulatory effect) by or regulated as such under, any Environmental Law, or (iii) which may give rise to liability under any Environmental Law.

"**Insurance Policies**" has the meaning specified in Section 4.24.

"**Intellectual Property**" means all of the following in any jurisdiction throughout the world: (i) all trademarks, trademark registrations, trademark rights and renewals thereof, trade names, trade name rights, trade dress, corporate names, logos, slogans, all service marks, service mark registrations and renewals thereof, service mark rights, and all applications to register any of the foregoing, together with the goodwill associated with each of the foregoing; (ii) all issued patents, patent rights, and patent applications; (iii) all registered and unregistered copyrights, copyrightable works, copyright registrations, renewals thereof, and applications to register the same; (iv) all Software; (v) all Internet domain names and Internet web-sites and the content thereof; (vi) all confidential and proprietary information, including trade secrets, know-how, inventions, invention disclosures (whether or not patentable and whether or not reduced to

practice), inventor rights, reports, quality records, engineering notebooks, models, processes, procedures, drawings, specifications, designs, component lists, formulae, plans, proposals, technical data, financial, marketing, customer and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information; and (vii) all other intellectual property.

"**Intellectual Property Rights**" means all rights, title and interests in and to Intellectual Property.

"**International Trade Laws**" means any legal requirement relating to exports, export controls, economic sanctions, anti-boycott, and importation, such as those administered or enforced by the U.S. Department of Commerce ("Commerce") and the United States Department of the Treasury, Office of Foreign Assets Control ("OFAC"), and including the prohibitions and restrictions related to OFAC's list of Specially Designated Nationals and Blocked Persons and Commerce's Denied Persons List and Entity List.

"**IRS**" means the Internal Revenue Service.

"**Knowledge**" means the actual knowledge, after reasonable inquiry within the scope of such person's routine responsibilities, of the following officers and employees of the Company or Parent, as applicable: (i) for the Company: Thomas E. Mark, Douglas A. Church, David Millin, Robert Lunoe, and Thomas Steib; and (ii) for Parent: Sergio Iorio, Yann Chareton, and Marco Bellino.

"**Law**" means any and all domestic (federal, state or local) or foreign laws (including common law), rules, regulations, orders, judgments, decrees or similar requirements promulgated by any Governmental Authority, including any judicial or administrative interpretation thereof.

"**Leased Real Property**" has the meaning specified in Section 4.18(b).

"**Leases**" means all leases, subleases, licenses, concessions and other agreements (written or oral) together with all amendments, extensions, renewals, guaranties and other agreements with respect thereto, pursuant to which the Company or any Subsidiary holds any Leased Real Property.

"**Lien**" means liens, claims, mortgages, encumbrances, pledges, security interests, charges or other adverse claims or interests of any kind.

"**Made Available to Parent**" or similar phrases used in this Agreement shall mean that the subject documents were posted to the "Project Cuyahoga" virtual deal room at *services.intralinks.com* at least one (1) Business Day prior to the date hereof.

"**Major Customer**" has the meaning specified in Section 4.25.

"**Major Supplier**" has the meaning specified in Section 4.25.

"**Management Resignations and Releases**" has the meaning specified in Section 7.2(f).

"**Marked Acquisition Agreement**" has the meaning specified in Section 6.5(d).

"**MBCA**" means the Michigan Business Corporation Act.

"**Merger**" has the meaning specified in the Recitals.

"**Merger Consideration**" has the meaning specified in Section 3.1(b).

"**Merger Litigation**" has the meaning specified in Section 6.3(a).

"**Merger Sub**" has the meaning specified in the Preamble.

"**Michigan LARA**" means the State of Michigan Department of Licensing and Regulatory Affairs' Corporations, Securities, and Commercial Licensing Bureau.

"**Notice Period**" has the meaning specified in Section 6.5(e).

"**Notice of Superior Proposal**" has the meaning specified in Section 6.5(e).

"**Option Cash Payment**" has the meaning specified in Section 3.3(a).

"**Order**" means any decree, order, determination, judgment, injunction, temporary restraining order or other order in any Proceeding by or with any Governmental Authority.

"**OTC**" means the OTCQX US Premier marketplace.

"**OTC Disclosure**" has the meaning specified in Section 6.5(c).

"**OTC Rules**" has the meaning specified in Section 4.7.

"**Owned Real Property**" has the meaning specified in Section 4.18(a).

"**Parent**" has the meaning specified in the Preamble.

"**Parent Disclosure Letter**" means the disclosure letter delivered by Parent to the Company simultaneously with the execution of this Agreement.

"**Parent Expense Reimbursement**" has the meaning specified in Section 8.6(a).

"**Parent Material Adverse Effect**" means any change, effect, fact, condition or circumstance that, individually or in the aggregate, has prevented, materially delayed or impaired or would reasonably be expected to prevent, materially delay or materially impair the ability of Parent or Merger Sub to consummate the Merger and the other transactions contemplated by this Agreement.

"**Parent Organizational Documents**" means the articles of incorporation, bylaws (or equivalent organizational or governing documents), and other organizational or governing documents, agreements or arrangements, each as amended to date, of each of Parent and Merger Sub.

"**Parent Related Parties**" has the meaning specified in Section 8.3(b).

"**Paying Agent**" has the meaning specified in Section 3.2(a).

"**PBGC**" has the meaning specified in Section 4.12(g).

"**Permitted Lien**" means (i) any Lien for Taxes not yet due and payable or that are being contested in good faith by any appropriate proceedings and for which adequate accruals or reserves have been established in accordance with GAAP, (ii) Liens securing indebtedness or liabilities that are reflected in the Company Disclosure Documents and Liens securing indebtedness or liabilities that have otherwise been disclosed on Section 1-A of the Company Disclosure Letter, (iii) easements or claims of easements whether or not shown by the public records, boundary line disputes, overlaps, encroachments and any matters not of record which would be disclosed by an accurate survey or a personal inspection of the property, (iv) title to any portion of the premises lying within the right of way or boundary of any public road or private road, (v) Liens imposed or promulgated by Laws with respect to real property and improvements, including zoning regulations, (vi) Liens disclosed on existing title reports or existing surveys and Made Available to Parent, and (vii) mechanics', carriers', workmen's, repairmen's and similar Liens incurred in the ordinary course of business for amounts which are not yet due and payable and which would not, individually or in the aggregate, have a Company Material Adverse Effect.

"**Person**" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a Governmental Authority.

"**Post-Closing Plans**" has the meaning specified in Section 6.9(b).

"**Post-Closing Welfare Plans**" has the meaning specified in Section 6.9(c).

"**Proceeding**" means any claim, counterclaim, cross-claim, charge, complaint, grievance, action, suit, summons, citation or subpoena, audit, assessment or arbitration, or any proceeding or investigation of any kind or nature whatsoever, civil, criminal, regulatory or otherwise, at law or in equity by or before any Governmental Authority.

"**Proxy Statement**" has the meaning specified in Section 4.7.

"**R&W Insurance Policy**" means that certain insurance policy, if any, issued as of the Closing Date by the R&W Insurance Provider in connection with this Agreement.

"**R&W Insurance Provider**" means the insurance carrier or provider, if any, selected by the Parent pursuant to Section 6.15.

"**Release**" means any actual or threatened release, spill, emission, discharge, leaking, pumping, pouring, dumping, escaping, injection, deposit, disposal, dispersal, leaching, movement or migration of Hazardous Materials through or into the air, soil, surface water, groundwater or real property.

"**Remedial Action**" means any action required under any Environmental Laws to (i) clean up, remove, treat, or in any other way address any Hazardous Materials or other substance in the environment, (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Materials or other substance so it does not migrate or endanger or threaten to

endanger public health or welfare or the environment, or (iii) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"**Representatives**" has the meaning specified in Section 6.4.

"**Requisite Shareholder Approval**" has the meaning specified in Section 4.23.

"**Rights Agreement**" has the meaning specified in Section 4.22.

"**SEC**" means the Securities and Exchange Commission.

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

"**Senior Management Confirmation**" has the meaning specified in Section 7.2(h).

"**Shareholders' Meeting**" has the meaning specified in Section 6.2(c).

"**Software**" means any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, schematics, flow charts and other work product used to design, plan, organize and develop any of the foregoing and (iv) all documentation, user manuals and training materials relating to any of the foregoing.

"**Subsidiary**" of any Person, means any corporation, partnership, joint venture or other legal entity of which such Person (either above or through or together with any other subsidiary), owns, directly or indirectly, more than 50% of the stock or other equity interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

"**Superior Proposal**" has the meaning specified in Section 6.5(h)(ii).

"**Surviving Corporation**" has the meaning specified in Section 2.1.

"**Takeover Law**" has the meaning specified in Section 2.1.

"**Tax**" or "**Taxes**" means any and all federal, state, local or non-U.S. taxes, assessments, fees, levies, duties, tariffs, imposts, and other similar charges (together with any and all interest, penalties and additions to tax, whether disputed or not) imposed by any Governmental Authority or taxing authority, including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, escheat or abandoned property, value added, or gains taxes; license, registration and documentation fees; customs duties, and tariffs; and other obligations of the same or of a similar nature to any of the foregoing including any obligations to indemnity or otherwise assumed or succeed to the tax liability of any other Person.

"**Tax Returns**" means returns, reports and information statements, including any schedule or attachment thereto, with respect to Taxes required to be filed with the IRS or any other Governmental Authority or taxing authority, including, without limitation, any claim for refund or amended return.

"**Termination Date**" has the meaning specified in Section 8.1(b)(i).

"**Termination Fee**" means an amount equal to $2,300,000.

"**Third Party**" means any Person or group other than the Company, Parent, Merger Sub and their respective Affiliates.

"**Transaction Expenses**" means any liability or obligation of the Company, any of its Subsidiaries or any of its shareholders arising in connection with the negotiation, preparation, execution, delivery, consummation and performance of this Agreement or the transactions contemplated by this Agreement, including (a) any investment banking fees, financial advisory fees, fairness opinion or related fees brokerage fees, commissions, finder's fees, attorneys' fees and expenses, accountants' fees and expenses or similar fees, (b) all amounts related to any obligation of the Company to pay any Person consideration in connection with and/or triggered by the Closing of the transactions contemplated by this Agreement, including under any incentive compensation plan, equity appreciation rights plan or agreement, employment agreement, deferred compensation plan or agreement, supplemental executive compensation agreement, phantom equity plan or agreement, sale, "stay-around," "change-in-control," retention, or similar bonuses or payments to current or former directors, officers, employees and consultants or any other similar arrangement, (c) any delisting, depository, public relations, or related fees and expenses, (d) the preparation, printing, filing and mailing of the Proxy Statement and all OTC and other regulatory filing fees incurred in connection with the Proxy Statement, the solicitation of shareholder approvals, any filing with, and obtaining of any necessary action or non-action, engaging the services of the Paying Agent, and/or any other filings with the OTC, and (e) all amounts, payments, costs and/or expenses that Section 3.6 of the Company Disclosure Letter identifies as being included in the Transaction Expenses.

"**Voting Agreement**" has the meaning specified in the Recitals.

"**WARN Act**" has the meaning specified in Section 6.1(f).

"**Working Capital**" means the current assets of the Company less the current liabilities of the Company, as calculated in accordance with GAAP, but excluding the Company Indebtedness and the Estimated Transaction Expenses.

# # # # #

Exhibit A

# VOTING AGREEMENT

This VOTING AGREEMENT (this "Agreement") is made and entered into as of November 10, 2017, by and among ITALMATCH USA CORPORATION, an Illinois corporation ("Parent") and the shareholders of DETREX CORPORATION, a Michigan corporation (the "Company"), listed on Schedule A hereto (each, a "Shareholder" and, collectively, the "Shareholders").

## Recitals

A. Pursuant to an Agreement and Plan of Merger, dated as of the date hereof (the "Merger Agreement"), by and among Parent, Cuyahoga Merger Sub, Inc., a Michigan corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), and the Company, Merger Sub will, at the Effective Time, merge with and into the Company (the "Merger") and the Company, as the surviving corporation of the Merger, will thereby become a wholly-owned subsidiary of Parent. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Merger Agreement.

B. Concurrently with the execution and delivery of the Merger Agreement and as a condition and inducement to Parent and Merger Sub to enter into the Merger Agreement, Parent has required that each Shareholder enter into this Agreement.

C. Each Shareholder is the record and "beneficial owner" (within the meaning of Rule 13d-3 under the Exchange Act, which meaning will apply for all purposes of this Agreement whenever the term "beneficial owner," "beneficially ownership" or "own beneficially" is used) of the outstanding common stock, par value $2.00 per share, of the Company (the "Shares") as set forth on Schedule A hereto (with respect to each Shareholder, the "Owned Shares", and with the Owned Shares and any additional Shares or other voting securities of the Company of which such Shareholder acquires record and beneficial ownership after the date hereof, including, without limitation, by purchase, as a result of a stock dividend, stock split, recapitalization, combination, reclassification, exchange or change of such shares, or upon exercise or conversion of any securities, collectively such Shareholder's "Covered Shares").

D. The Shareholders acknowledge that Parent and Merger Sub are entering into the Merger Agreement in reliance on the representations, warranties, covenants and other agreements of the Shareholders set forth in this Agreement and would not enter into the Merger Agreement if any Shareholder did not enter into this Agreement.

## Agreement

The parties to this Agreement, for and in consideration of the premises and the consummation of the transactions referred to above, intending to be legally bound, hereby mutually covenant and agree as follows:

1. Voting Agreement.

(a) Prior to the Termination Date (as defined below in Section 4), each Shareholder hereby irrevocably and unconditionally agrees that, at any meeting (whether annual or special and whether or not an adjourned or postponed meeting) of the holders of shares of Company Common Stock, however called (each, a "Company Shareholders Meeting"), and in connection with any written consent of the holders of shares of Company Common Stock, such Shareholder shall, unless (A) Parent votes the Subject Shares pursuant to the proxy granted by Section 2, or (B) the Company receives a Competing Proposal that, as of the date of the Company Shareholders Meeting, is finally determined to be a Superior Proposal pursuant to the terms of the Merger Agreement (it being understood and agreed that, for the avoidance of doubt, if the Parent makes such adjustments in the terms and conditions of the Merger Agreement so that a Competing Proposal would cease to constitute a Superior Proposal, then such Competing Proposal shall no longer be deemed a Superior Proposal under the Merger Agreement or this Agreement), vote (or cause to be voted) or, if applicable, deliver (or caused to be delivered) a written consent with respect to all of such Shareholder's Subject Shares, in each case, to the fullest extent that such Subject Shares are entitled to be voted at the time of any vote or action by written consent:

(i) in favor of (A) the adoption of the Merger Agreement, the Merger and the approval of all agreements related to the Merger and any actions related thereto; (B) each of the other transactions contemplated by the Merger Agreement; and (C) without limitation of the preceding clauses (A) and (B), the approval of any proposal to adjourn or postpone the Company Shareholders Meeting to a later date if there are not sufficient votes for adoption of the Merger Agreement on the date on which the Company Shareholders Meeting is held; and

(ii) against (A) any Competing Proposal or any acquisition agreement related to such Competing Proposal that, as of the date of the Company Shareholders Meeting, is not a Superior Proposal as finally determined pursuant to the terms of the Merger Agreement (it being understood and agreed that, for the avoidance of doubt, if the Parent makes such adjustments in the terms and conditions of the Merger Agreement so that a Competing Proposal would cease to constitute a Superior Proposal, then such Competing Proposal shall no longer be deemed a Superior Proposal under the Merger Agreement or this Agreement); (B) any election of new directors to the Company Board, other than nominees to the Company Board who are serving as directors of the Company on the date hereof or who are nominated for election by a majority of the Company Board, or as otherwise provided in the Merger Agreement; (C) any action, proposal, transaction or agreement that would reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of such Shareholder under this Agreement or of the Company under the Merger Agreement; (D) each of the following actions (other than the transactions contemplated by the Merger Agreement (the "Transactions")): (I) any extraordinary corporate transaction, such as a merger, consolidation or other

business combination involving the Company or any of its Subsidiaries, and (II) any reorganization, recapitalization, dissolution, liquidation or winding up of the Company or any of its Subsidiaries; and (E) any corporate action the consummation of which would reasonably be expected to frustrate the purposes, or prevent or delay consummation of the Transactions in any material respect.

(b) Subject to the proxy granted under Section 2, each Shareholder shall retain at all times the right to vote or exercise such Shareholder's right to consent with respect to such Shareholder's Subject Shares in such Shareholder's sole discretion and without any other limitation on those matters other than those set forth in Section 1.1(a) that are at any time or from time to time presented for consideration to the Company's shareholders generally; provided that such vote or consent would not reasonably be expected to frustrate the purposes, or prevent or delay consummation, of the Transactions in any material respect.

2. Grant of Proxy.

(a) Each Shareholder hereby revokes (or agrees to cause to be revoked) any and all proxies that it has heretofore granted with respect to the Subject Shares that conflict with this Agreement. Each Shareholder hereby irrevocably appoints Parent as attorney-in-fact and proxy, with full power of substitution, for and on behalf of such Shareholder, for and in the name, place and stead of such Shareholder, to (i) vote, express consent or dissent or issue instructions to the record holder of such Shareholder's Subject Shares to vote such Subject Shares in accordance with the provisions of Section 1.1 at any Company Shareholders Meeting, and (ii) grant or withhold, or issue instructions to the record holder of such Shareholder's Subject Shares to grant or withhold, in accordance with the provisions of Section 1.1, all written consents with respect to the Subject Shares.

(b) The foregoing proxy shall be deemed to be a proxy coupled with an interest, is irrevocable (and as such shall survive and not be affected by the death, incapacity, mental illness or insanity of such Shareholder) until the end of the Agreement Period and shall not be terminated by operation of any Law or upon the occurrence of any other event other than the termination of this Agreement pursuant to Section 4; upon the termination of this Agreement pursuant to Section 4, the proxy and power of attorney granted pursuant to this Section 2 are terminated *ab initio*. Each Shareholder hereby affirms that the irrevocable proxy set forth in this Section 2 is given in connection with, and granted in consideration of and as an inducement to Parent entering into the Merger Agreement and that such irrevocable proxy is given to secure the obligations of such Shareholder under Section 1.1. Parent covenants and agrees with each Shareholder that Parent will exercise the foregoing proxy solely in accordance with the provisions of Section 1.1.

3. No Inconsistent Agreements. Each Shareholder hereby covenants and agrees that, except as contemplated by this Agreement, such Shareholder (a) has not entered into, and shall not enter into at any time prior to the Termination Date, any voting agreement or voting trust

with respect to any Covered Shares and (b) has not granted, and shall not grant at any time prior to the Termination Date, a proxy or power of attorney with respect to any Covered Shares, in either case, which is inconsistent with such Shareholder's obligations pursuant to this Agreement.

4. Termination. This Agreement shall terminate upon the earliest of (a) the Effective Time, (b) the termination of the Merger Agreement in accordance with its terms, (c) written notice of termination of this Agreement by Parent to the Shareholders, and (d) the date of any material modification, waiver or amendment of the Merger Agreement that affects adversely the consideration payable to the Shareholders pursuant to the Merger Agreement as in effect on the date hereof (such earliest date being referred to herein as the "Termination Date"); provided that the provisions set forth in Sections 8 through 25 shall survive the termination of this Agreement; provided further that any liability incurred by any party hereto as a result of a breach of a term or condition of this Agreement prior to such termination shall survive the termination of this Agreement.

5. Representations and Warranties of Shareholders. Each Shareholder, as to such Shareholder (severally and not jointly), hereby represents and warrants to Parent as follows:

(a) Such Shareholder is the record and beneficial owner of, and has good and valid title to, the Covered Shares, free and clear of Liens other than (i) as created by this Agreement, (ii) pursuant to any restrictions under applicable Law and (iii) subject to any risk of forfeiture with respect to any Shares granted to such Shareholder under an employee benefit plan of the Company. Such Shareholder has sole voting power, sole power of disposition, sole power to demand dissenters rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of such Covered Shares, with no limitations, qualifications or restrictions on such rights, subject to applicable federal securities laws and the terms of this Agreement. As of the date hereof, other than the Owned Shares, such Shareholder does not own beneficially or of record any Shares or other voting securities of the Company or any interest therein. The Covered Shares are not subject to any voting trust agreement or other Contract to which such Shareholder is a party restricting or otherwise relating to the voting or Transfer (as defined herein) of the Covered Shares. Such Shareholder has not appointed or granted any proxy or power of attorney that is still in effect with respect to any Covered Shares, except as contemplated by this Agreement.

(b) Each such Shareholder has full legal power and capacity to execute and deliver this Agreement and to perform such Shareholder's obligations hereunder (subject to any required spousal consent or approval as described in Section 6(c)). This Agreement has been duly and validly executed and delivered by such Shareholder and, assuming due authorization, execution and delivery by Parent, constitutes a legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(c) No filing with, and no permit, authorization, consent or approval of, any Governmental Authority is necessary on the part of such Shareholder for the execution, delivery and performance of this Agreement by such Shareholder or the consummation by such Shareholder of the transactions contemplated hereby. Neither the execution, delivery or performance of this Agreement by such Shareholder nor the consummation by such Shareholder of the transactions contemplated hereby nor compliance by such Shareholder with any of the provisions hereof shall (i) result in any breach or violation of, or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on such property or asset of such Shareholder pursuant to, any Contract to which such Shareholder is a party or by which such Shareholder or any property or asset of such Shareholder is bound or affected or (ii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to such Shareholder or any of such Shareholder's properties or assets except, in the case of clause (i) or (ii), for breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of such Shareholder to perform such Shareholder's obligations hereunder.

(d) As of the date of this Agreement, there is no action, suit, investigation, complaint or other proceeding pending or threatened against any such Shareholder that restricts or prohibits (or, if successful, would restrict or prohibit) the performance by such Shareholder of its obligations under this Agreement.

(e) Such Shareholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Shareholder's execution and delivery of this Agreement and the representations and warranties of such Shareholder contained herein.

6. Certain Covenants of Shareholder. Each Shareholder, solely for such Shareholder (severally and not jointly), hereby covenants and agrees as follows:

(a) Such Shareholder shall not take any action that the Company would then be prohibited from taking under Section 6.5 of the Merger Agreement.

(b) Prior to the Termination Date, and except as contemplated hereby, such Shareholder shall not (i) tender into any tender or exchange offer, (ii) sell (constructively or otherwise), transfer, pledge, hypothecate, grant, encumber, assign or otherwise dispose of (collectively "Transfer"), or enter into any contract, option, agreement or other arrangement or understanding with respect to the Transfer of any of the Covered Shares or beneficial ownership or voting power thereof or therein (including by operation of law), (iii) grant any proxies or powers of attorney, deposit any Covered Shares into a voting trust or enter into a voting agreement with respect to any Covered Shares or, in each case other than Permitted Transfers or (iv) knowingly take any action that would make any representation or warranty of such Shareholder contained herein untrue or incorrect or have the effect of preventing or disabling such Shareholder from performing such Shareholder's obligations under this Agreement. Any Transfer in violation of this

provision shall be void. Such Shareholder further agrees to authorize and request the Company to notify the Company's transfer agent that there is a stop transfer order with respect to all of the Covered Shares and that this Agreement places limits on the voting of the Covered Shares, other than Permitted Transfers. If so requested by Parent, such Shareholder agrees that the certificates, if any, representing Covered Shares shall bear a legend stating that they are subject to this Agreement and to the irrevocable proxy granted in Section 2(a).

(c) Each Shareholder that is married and whose Covered Shares constitute community property under applicable Law or otherwise need spousal consent or approval for this Agreement to be legal, valid and binding shall use his or her reasonable best efforts to cause this Agreement to be duly and validly executed and delivered by such Shareholder's spouse promptly following the date of this Agreement.

(d) Prior to the Termination Date, such Shareholder shall promptly notify Parent of the number of any new Shares or other voting securities of the Company with respect to which beneficial ownership is acquired by such Shareholder, including, without limitation, by purchase, as a result of a stock dividend, stock split, recapitalization, combination, reclassification, exchange or change of such shares, or upon exercise or conversion of any securities of the Company, if any, after the date hereof. Any such Shares or other voting securities of the Company shall automatically become subject to the terms of this Agreement, and Schedule A shall be adjusted accordingly.

(e) "Permitted Transfers" shall mean any Transfer of securities (including any contract, option, agreement or other arrangement or understanding with respect thereto) (i) for the net settlement of Shareholder's Company Options (to pay the exercise price thereof and any tax withholding obligations), (ii) for the exercise of Shareholder's Company Options, (iii) for the exercise of Shareholder's Company Options and the sale of a sufficient number of such Shares acquired upon exercise or settlement of such securities as would generate sales proceeds sufficient to pay the aggregate applicable exercise price of shares then exercised under such options and the taxes payable by Shareholder as a result of such exercise or settlement, (iv) made as a bona fide gift to a charitable entity, (v) to any family member or trust for the benefit of any family member, (vi) to any Affiliate of Shareholder, or (vii) to any person or entity if and to the extent required by any non-consensual legal order, by divorce decree or by will, intestacy or other similar Law, so long as, in the case of the foregoing clauses (iv), (v), (vi), and (vii), the assignee or transferee agrees to be bound by the terms of this Agreement and executes and delivers to the parties hereto a written consent and joinder memorializing such agreement.

7. Shareholder Capacity. No Shareholder makes any agreement or understanding in this Agreement in such Shareholder's capacity as a director or officer of the Company or any of its subsidiaries (if such Shareholder holds such office), and nothing in this Agreement: (a) will limit or affect any actions or omissions taken by each Shareholder in such Shareholder's capacity as such a director or officer, including in exercising rights under the Merger Agreement, and no

such actions or omissions shall be deemed a breach of this Agreement or (b) will be construed to prohibit, limit or restrict each Shareholder from exercising such Shareholder's fiduciary duties as an officer or director to the Company or its shareholders. Further, any liability arising from an individual Shareholder's breach of any representation, warranty and/or covenant set forth in this Agreement shall be several and not joint.

8. Waiver of Appraisal Rights. Each Shareholder hereby waives any rights of appraisal or rights to dissent from the Merger that such Shareholder may have under applicable Law in respect of such Shareholder's Covered Shares.

9. Disclosure. Each Shareholder hereby authorizes Parent and the Company to publish and disclose in any announcement or disclosure required by the OTC, including the OTC Disclosure and the Proxy Statement, such Shareholder's identity and ownership of the Covered Shares and the nature of such Shareholder's obligations under this Agreement.

10. Further Assurances. From time to time, at the request of Parent and without further consideration, each Shareholder shall take such further action as may reasonably be necessary to consummate and make effective the transactions contemplated by this Agreement.

11. Non-Survival of Representations and Warranties. The representations and warranties of the Shareholders contained herein shall not survive the closing of the transactions contemplated hereby and by the Merger Agreement.

12. Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing signed on behalf of each party and otherwise as expressly set forth herein.

13. Waiver. No failure or delay of any party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of a party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by such party.

14. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(a) If to a Shareholder, to the address set forth on such Shareholder's signature page hereto, with a copy (which shall not constitute notice) to:

Detrex Corporation
1000 Belt Line St.
Cleveland, Ohio 44109
Phone: 216-749-2605
Fax: 216-749-7462
Email: tmark@detrex-hq.com
Attention: Thomas E. Mark

and to:

Clark Hill PLC
500 Woodward Ave., Ste. 3500
Detroit, Michigan 48226
Phone: 313-965-8385
Fax: 313-309-6885
Email: jhensien@clarkhill.com
Attention: John P. Hensien

(b) If to Parent:

Italmatch USA Corporation
5544 Oakdale Road
Smyrna GA 30082
Phone: (678) 904-4021
Fax:
Email: dmccaul@compasschemical.com
Attention: Daniel K. McCaul

with copies (which shall not constitute notice) to:

Italmatch Chemicals S.p.A.
Via Pietro Chiesa, 7/13 (Piano 8)
Torri Piane
San Benigno, GE 16149 Italy
Phone: +39 (010) 6420-8201
Fax: +39 (010) 469-5301
Email: s.iorio@italmatch.it
Attention: Sergio Iorio

and to:

Dykema Gossett PLLC
400 Renaissance Center
Detroit, Michigan 48243
Phone: (313) 568-5374
Fax: (866) 697-9682
Email: jbernard@dykema.com
Attention: J. Michael Bernard

15. Entire Agreement. This Agreement and the Merger Agreement constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties with respect to the subject matter hereof and thereof.

16. No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

17. Governing Law. This Agreement and all Proceedings or counterclaims (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of Parent, Merger Sub or the Company in the negotiation, administration, performance and enforcement thereof, shall be governed by, and construed in accordance with the laws of the State of Michigan, without giving effect to any choice or conflict of laws provision or rule (whether of the State of Michigan or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Michigan.

18. Consent and Waiver of Objection to Jurisdiction and Venue.

(a) In the event any dispute arises out of this Agreement or the transactions contemplated hereby, each of the parties hereto hereby (a) irrevocably consents to personal jurisdiction in the courts of the State of Michigan, and any federal court sitting in the State of Michigan for the resolution of any dispute arising out of this Agreement or the transactions contemplated hereby, (b) waives any objection to and agrees that it will not in any action arising from such dispute attempt to deny, challenge or defeat personal jurisdiction by motion or otherwise, (c) agrees that it will not bring any action relating to this Agreement or the transactions contemplated hereby in any court other than the state courts of the State of Michigan, or any federal court sitting in the State of Michigan, (d) to the extent a dispute arises under this Agreement or the transactions contemplated hereby, agrees in the future to waive, to the fullest extent it may legally and effectively do so, any objection which it may have to venue in the state or federal courts sitting in the State of Michigan for any Proceeding arising out of or relating to this Agreement, and (e) agrees that each of the other parties shall have the right to bring any Proceeding in other states and jurisdictions for the enforcement of any judgment or order entered by the state courts of the State of Michigan or any federal court sitting in the State of Michigan and that a final judgment from the state courts of the State of Michigan or any federal court

sitting in the State of Michigan shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(b) Each party irrevocably consents to the service of process outside the territorial jurisdiction of the courts referred to in Section 18(a) in any such Proceeding by mailing copies thereof by registered or certified United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 14, and the parties hereby waive any objection to the above manner of service. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

19. Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by any party without the prior written consent of each other party, and any such assignment without such prior written consent shall be null and void; provided, however , that Parent may assign all or any of its rights and obligations hereunder to any direct or indirect Subsidiary of Parent; and provided further, that no assignment shall limit the assignor's obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

20. Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to seek specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any United States federal court located in the State of Michigan or any Michigan state court, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security as a prerequisite to obtaining equitable relief.

21. Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

22. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

23. Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; provided, however, that, if any of the Shareholders fail for any reason to execute this Agreement, then this Agreement shall become effective as to the other Shareholders who execute this Agreement. Copies (whether photostatic, facsimile or otherwise) of this Agreement may be made and relied upon to the same extent as an original. The exchange of copies of this Agreement and of signature pages by facsimile transmission or e-mail shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

24. No Presumption Against Drafting Party. Each of the parties to this Agreement acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

25. No Agreement Until Executed. Irrespective of negotiations among the parties or the exchanging of drafts of this Agreement, this Agreement shall not constitute or be deemed to evidence a contract, agreement, arrangement or understanding between or among any of the parties hereto unless and until (i) the Board of Directors of the Company has taken all action necessary under applicable law to ensure that no restrictions contained in any "fair price," "business combination" or similar statute (including Section 780 of the MBCA) will apply to the transactions contemplated by the Merger Agreement and the execution, delivery and performance of this Agreement by the parties hereto or any other shareholders of the Company who enter into a similar Voting Agreement and Irrevocable Proxy with Parent on the date hereof, (ii) the Merger Agreement is executed by all parties thereto and (iii) this Agreement is executed by all parties hereto.

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

IN WITNESS WHEREOF, Parent and the Shareholders have caused to be executed or executed this Voting Agreement as of the date first written above.

***Parent:*** ITALMATCH USA CORPORATION

By: /s/
Daniel McCaul
Its: Chief Executive Officer

***Shareholders:*** GLACIER PEAK CAPITAL

By: /s/
Its:
Address: 1300 114th Ave SE, Suite 220
Bellevue, Washington 98004
Phone: (206) 853-1889
Fax: none
Email: jr@glacierpeakcapital.com
Attention: John C. Rudolf, President

VANSHAP CAPITAL

By: /s/
Its:
Address: 1530 Wilson Boulevard, Suite 530
Arlington, Virginia 22209
Phone: (571) 933-6950
Fax: (571) 933-6948
Email: evanderveer@vanshapcapital.com
Attention: Evan Vanderveer

/s/
THOMAS E. MARK
Address: 635 Puritan
Birmingham, Michigan 48009
Phone: (248) 568-9333
Fax: none
Email: tommark78@hotmail.com

/s/
DAVID R. ZIMMER
Address: 1255 Indian Mound West
Bloomfield Village, MI 48301
Phone: (248) 760-1591
Fax: (248) 644-2658 (use only if in town)
Email: Zimmerdr@aol.com

/s/

WILLIAM C. KING
Address: 26814 LaCaille Dr.
Naples, Florida 34119
Phone: (239) 949-7979
Fax: none
Email: wbillking1@aol.com

/s/

JOHN C. RUDOLF
Address: c/o Glacier Peak Capital
1300 114th Ave SE, Suite 220
Bellevue, Washington 98004
Phone: (206) 853-1889
Fax: none
Email: jr@glacierpeakcapital.com

/s/

DOUGLAS A. CHURCH
Address: 32817 Lisa Lane
Solon, Ohio 44139
Phone: (440) 552-6697
Fax: (216) 749-7462
Email: dchurch@elcocorp.com

/s/

BENJAMIN W. MCCLEARY
Address: Suite 201
231 Old Tower Hill Road
Wakefield, Rhode Island 02879
Phone: (401) 490-4845
Fax: (401) 421-3533
Email: bwmccleary@seaviewcapital.com

**SCHEDULE A**

**Shareholders**

| Shareholder Name | Shares | Options | |
|---|---|---|---|
| | Common Stock | Vested and Unexercised Options | Unvested Options |
| | | | |
| Glacier Peak Capital | 557,789 | -- | -- |
| Vanshap Capital | 162,373 | -- | -- |
| Thomas E. Mark | 74,820 | -- | -- |
| David R. Zimmer | 18,500 | 4,000 | -- |
| William C. King | 17,500 | 4,000 | -- |
| John Rudolf | 28,827 | -- | -- |
| Douglas A. Church | 17,000 | 4,000 | -- |
| Benjamin W. McCleary | 14,900 | 4,000 | -- |
| Total | 891,709 | 16,000 | -- |

# ANNEX C

# OPINION OF KEYBANC CAPITAL MARKETS, INC.

KeyBanc
Capital Markets

CONFIDENTIAL

November 10, 2017

Board of Directors
Detrex Corporation
1000 Belt Line St.
Cleveland, Ohio 44109

Members of the Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the issued and outstanding shares of common stock, $2.00 par value per share (the "Common Stock") of Detrex Corporation, a Michigan corporation (the "Company"), of the consideration to be paid to these holders pursuant to the Agreement and Plan of Merger dated November 10, 2017 (the "Merger Agreement") to be entered into by and among the Company, Italmatch USA Corporation, an Illinois corporation ("Parent"), and Cuyahoga Merger Sub, Inc., a Michigan corporation and a direct wholly owned subsidiary of Parent ("Merger Sub"), pursuant to which Merger Sub will be merged with and into the Company with the Company surviving the merger as a wholly owned subsidiary of Parent (the "Transaction").

You have advised us that under the terms of the Merger Agreement, all of the issued and outstanding shares of Common Stock of the Company will be converted into the right to receive $27.00 in cash per share (the "Per Share Merger Consideration"). The terms and conditions of the Transaction are more fully set forth in the Merger Agreement.

KeyBanc Capital Markets Inc. ("KBCM"), as part of its investment banking business, is customarily engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

In connection with rendering this opinion, we have reviewed and analyzed, among other things, the following: (i) a draft of the Merger Agreement, dated November 10, 2017, which we understand to be in substantially final form; (ii) certain publicly available information concerning the Company, including the Annual Reports of the Company for each of the years in the three-year period ended December 31, 2016, and the Quarterly Reports of the Company for the quarters ended March 31, 2017 and June 30, 2017, in each case as filed with the OTCQX U.S. Premier Market; (iii) certain other internal information, primarily financial in nature, concerning the business and operations of the Company furnished to us by the Company for purposes of our analysis; (iv) certain publicly available information concerning the trading of, and the trading market for, the Company's Common Stock; (v) certain publicly available information concerning Parent and its financing sources; (vi) certain publicly available information with respect to certain other publicly traded companies that we believe to be comparable to the Company; and (vii) certain publicly available information and other information known to us concerning the nature and terms of certain other transactions that we consider relevant to our inquiry. We have also met with certain officers and employees of the Company to discuss the business, financial condition, operations and prospects of the Company, as well as other matters we believed relevant to our inquiry. We have also performed such other financial studies and analyses and considered such other data and information as we deemed appropriate.

In our review and analysis and in arriving at our opinion, we have assumed and relied upon the accuracy and completeness of all of the financial and other information provided to or otherwise reviewed by or discussed with us or publicly available and have further relied upon the assurances of the management of

the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading in any material respect. We have also assumed that the representations and warranties of the Company, Parent and Merger Sub contained in the Merger Agreement are and will be true and correct in all respects material to our analysis. We have not been engaged to, and have not independently attempted to, verify any of such information or its accuracy or completeness. We have also relied upon the management of the Company as to the reasonableness and achievability of the financial and operating budget (and the assumptions and bases therefor) provided to us and, with your consent, we have assumed that such budget was reasonably prepared on bases that reflect the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company and other matters covered thereby. We have not been engaged to assess the reasonableness or achievability of such budget or the assumptions on which it was based, and we express no view as to such budget or assumptions. In addition, we have not conducted a physical inspection, valuation or appraisal of any of the assets (including properties or facilities) or liabilities of the Company nor have we been furnished with any such inspection, valuation or appraisal. We are also not expressing any view or opinion with respect to, and, at your direction, we have relied upon, the assessments of representatives of the Company regarding legal, regulatory, accounting, tax and similar matters relating to the Company or the Transaction, as to which matters we understand that the Company obtained such advice as it deemed necessary from qualified advisors and professionals. We have also assumed that all governmental, regulatory or other consents, releases and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or the Transaction that would be meaningful to our analysis.

We have not been asked to, nor do we, offer any opinion as to the material terms of the Merger Agreement or the form of the Transaction. In rendering our opinion, we have assumed, with your consent, that the final executed form of the Merger Agreement will not differ in any material respect from the draft that we have examined, and that the conditions to the Transaction as set forth in the Merger Agreement will be satisfied and that the Transaction will be consummated on a timely basis on the terms set forth in the Merger Agreement without waiver, modification or amendment of any term or condition that would be meaningful to our analysis.

It should be noted that this opinion is based on economic and market conditions and other circumstances existing on, and information made available to us as of, the date hereof and does not address any matters subsequent to such date. In addition, our opinion is, in any event, limited to the fairness, as of the date hereof, from a financial point of view, of the consideration to be paid to the holders of the Company's Common Stock pursuant to the Merger Agreement and does not address the Company's underlying business decision to engage in the Transaction or any other terms of the Transaction or the fairness of the Transaction, or any consideration paid in connection therewith, to creditors or other constituencies of the Company. In addition, we do not express any opinion as to (i) the fairness of the Transaction or (ii) the amount or the nature of the compensation now paid or to be paid, in each case, to any of the directors, officers or employees of the Company, or class of such persons, relative to the consideration to be paid to public shareholders of the Company. We have not evaluated nor do we express any opinion on the solvency or viability of the Company, Parent or their respective affiliates or the ability of the Company, Parent or their respective affiliates to pay their respective obligations when they come due. It should be noted that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm our opinion. This opinion has been approved by a fairness committee of KBCM.

We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction and will receive from the Company a fee for our services, a significant portion of which is contingent upon the consummation of the Transaction (the "Transaction Fee"). In addition, the Company has agreed to reimburse us for certain expenses and to indemnify us under certain circumstances for certain liabilities that may arise out of our engagement. We also will receive a fee in connection with the delivery of this opinion, which fee will be credited against any Transaction Fee earned. During the two years preceding the date of this letter, neither we nor our affiliates have had any other

material financial advisory or other material commercial or investment banking relationships with the Company or Parent. In the ordinary course of our businesses, we and our affiliates, employees of us and our affiliates, and funds or other entities that such persons manage or invest in or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, Parent, any of their respective affiliates and third parties, or any currency or commodity that may be involved in the Transaction, in each case for our own account or for the accounts of customers. We may in the future provide financial advisory and/or underwriting services to the Company and its affiliates and to Parent and its affiliates for which we may receive compensation.

It is understood that this opinion was prepared for the use of the Board of Directors of the Company in connection with and for the purpose of its evaluation of the proposed Transaction. This opinion letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be filed with, included in or referred to in whole or in part in any registration statement, proxy statement or any other document, except in accordance with our prior written consent. Our opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the Transaction or any other matter.

Based upon and subject to the foregoing, it is our opinion that as of the date hereof, the Per Share Merger Consideration to be paid to the holders of the Company's Common Stock pursuant to the Merger Agreement is fair, from a financial point of view, to such holders.

Very truly yours,

KeyBanc Capital Markets Inc.

KEYBANC CAPITAL MARKETS INC.

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## Detrex Corporation

***IMPORTANT SPECIAL MEETING INFORMATION***

### Electronic Voting Instructions

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., EST/EDT, on December 7, 2017.**

**Vote by Internet**

- Go to **www.investorvote.com/DTRX**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

**Vote by telephone**

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. ☒

## Special Meeting Proxy Card

▼ **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** ▼

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### A The Detrex Board of Directors recommends a vote "FOR" proposals 1 and 2.

| | For | Against | Abstain |
|---|---|---|---|
| 1. A proposal to approve the Agreement and Plan of Merger (the "Merger Agreement") by and among Detrex Corporation ("Detrex"), Italmatch USA Corporation ("Italmatch") and Cuyahoga Merger Sub, Inc. ("Merger Sub"), dated as of November 10, 2017, providing for the sale of Detrex to Italmatch through the merger of Merger Sub with and into Detrex (the "Merger"), whereupon Detrex will become a wholly-owned subsidiary of Italmatch; | ☐ | ☐ | ☐ |
| 2. A proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the Merger Agreement, or in the absence of a quorum. | ☐ | ☐ | ☐ |

**If this proxy card is properly signed but no direction is specified, your proxy will be voted "FOR" proposals 1 and 2 as recommended by the Detrex Board of Directors.**

### B Non-Voting Item

**Change of Address** — Please print new address below.

### C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

NOTE: Please sign exactly as name appears hereon. If the stock is held in the name of two or more persons, each should sign. Executors, administrators, trustees, guardians, attorneys and corporate officers should add their titles. If a corporation, sign in full corporate name by president or other authorized officer. If a partnership, sign in partnership name by authorized person.

| Date (mm/dd/yyyy) — Please print date below. | Signature 1 — Please keep signature within the box. | Signature 2 — Please keep signature within the box. |
|---|---|---|
| / / | | |

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**Important notice regarding the Internet availability of proxy materials for the Special Meeting of shareholders. The Proxy Statement are available at: www.edocumentview.com/DTRX**

▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

## Proxy — Detrex Corporation

## 1000 Belt Line, Cleveland, Ohio 44109

### SPECIAL MEETING December 7, 2017
### THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The shareholder(s) signing the reverse side of this card (the "Shareholder") hereby appoints Benjamin W. McCleary and John C. Rudolf, and each of them, with power of substitution to each, proxies of the Shareholder, to vote at the Special Meeting of Shareholders of Detrex Corporation (the "Corporation") to be held on the 7th day of December 2017 and at any and all postponements or adjournments of said meeting, all of the shares of stock of the Corporation which the Shareholder may be entitled to vote, with all the powers the Shareholder would possess, if then and there personally present.

The Shareholder hereby revokes any proxy or proxies heretofore given to vote upon or act with respect to such shares and hereby ratifies and confirms all that said proxies, their substitutes or any of them may lawfully do by virtue hereof.

This proxy may be revoked at any time prior to said meeting and the Shareholder reserves the right to attend such meeting and vote said stock in person.

The Shareholder hereby acknowledges receipt of the Notice of Special Meeting of Shareholders, dated November 17, 2017, and the Proxy Statement furnished herewith.

**PLEASE VOTE, SIGN, DATE AND MAIL THIS PROXY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.**