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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ACCOUNT NO. : 072100000032
REFERENCE : 107813 4354503
AUTHORIZATION : *Patricia Pigato*
COST LIMIT : \$ 70.00

ORDER DATE : April 6, 2001
ORDER TIME : 10:14 AM
ORDER NO. : 107813-010
CUSTOMER NO: 4354503

Merger

CUSTOMER: Michael Hirschberg, Esq
Piper Marbury Rudnick & Wolfe
1251 Avenue Of The Americas
29th Floor
New York, NY 10020-1104

000003971950--5

ARTICLES OF MERGER

LIVEWIRE COMMUNICATIONS, INC.

INTO

KUDELSKI ACQUISITION CORP.

RECEIVED
DEPARTMENT OF STATE
DIVISION OF CORPORATIONS
2001 APR -9 AM 10:41
NOT FILED
TO AVOID
SUFFICIENCY OF FILING

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

 CERTIFIED COPY
XX PLAIN STAMPED COPY

CONTACT PERSON: Jeanine Reynolds
EXAMINER'S INITIALS:

OR
4/12/01

**02250, 00524, 00672*

ARTICLES OF MERGER
Merger Sheet

MERGING:

LIVE WIRE COMMUNICATIONS, INC., a Florida corporation P95000047748

into

**KUDELSKI ACQUISITION CORP. which changed its name to LIVE WIRE
COMMUNICATIONS, INC., a Delaware entity F01000001752**

File date: April 9, 2001

Corporate Specialist: Annette Ramsey

Account number: 072100000032

Amount charged: 70.00



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

April 9, 2001

CSC
1201 Hays Street
Tallahassee, FL 32301

SUBJECT: KUDELSKI ACQUISITION CORP.
Ref. Number: F01000001752

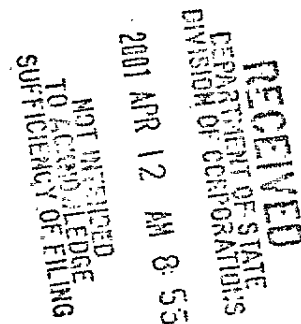
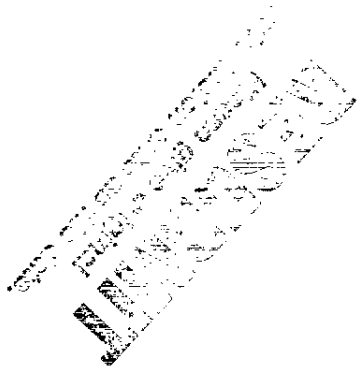
We have received your document for KUDELSKI ACQUISITION CORP. and the authorization to debit your account in the amount of \$70.00. However, the document has not been filed and is being returned for the following:

Please include a foreign amendment application (which I have included) and also a certificate from Delaware showing the name change of the surviving from Kudelski Acquisition Corp. to Live Wire Communications, Inc.

If you have any questions concerning the filing of your document, please call (850) 487-6907.

Annette Ramsey
Corporate Specialist

Letter Number: 001A00020977



FILED
01 APR -9 PM 1:59
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**Articles of Merger
of
Kudelski Acquisition Corp.
and
Live Wire Communications, Inc.**

(Under Section 607.1105 of the Florida 1989 Business Corporation Act)

It is hereby certified that:

1. The Agreement and Plan of Merger (the "Plan") pursuant to which Live Wire Communications, Inc., a Florida corporation ("Live Wire"), is being merged (the "Merger") with and into Kudelski Acquisition Corp., a Delaware corporation ("Kudelski"), is attached hereto.

2. The Merger is permitted by Section 607.1107 of the Florida 1989 Business Corporation Act (the "FBCA"). The shareholders of Live Wire entitled to vote on the Plan unanimously approved and adopted the Plan pursuant to Section 607.1103 of the FBCA by unanimous written consent dated March 29, 2001.

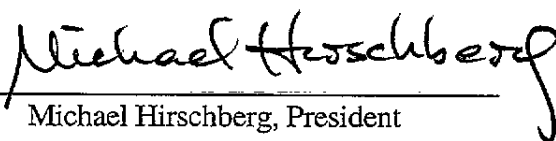
3. The Merger is permitted by Section 251 of the General Corporation Law of the State of Delaware (the "DGCL"). The sole shareholder of Kudelski approved and adopted the Plan pursuant to Section 251 of the DGCL by written consent dated April 2, 2001.

4. The Merger shall be effective on the date of the filing of these Articles of Merger in the State of Florida and the filing of the Certificate of Merger in the State of Delaware.

Executed on: April 6, 2001.


KUDELSKI ACQUISITION CORP.,
a Delaware corporation

By:


Michael Hirschberg, President

LIVE WIRE COMMUNICATIONS, INC.,
a Florida corporation

By:


Edward R. Grauch, President

**AGREEMENT AND PLAN OF MERGER
BY AND AMONG
KUDELSKI S.A.,
KUDELSKI ACQUISITION CORP.,
LIVE WIRE COMMUNICATIONS, INC.
AND THE LIVE WIRE SHAREHOLDERS**

DATED AS OF APRIL 6, 2001

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER is entered into as of this 6th day of April, 2001, by and among **Kudelski S.A.**, a Swiss societe anonyme ("Kudelski"), **Kudelski Acquisition Corp.**, a Delaware corporation and wholly-owned subsidiary of Kudelski ("Sub"), **Live Wire Communications, Inc.**, a Florida corporation ("Live Wire") and **Melvin Paulick** ("Paulick"), **Edward R. Grauch** ("Grauch"), **Chuck E. Higgins** ("Higgins") and **Damon F. Hurlburt** ("Hurlburt" and, together with Paulick, Grauch and Higgins, individually a "Shareholder" and, collectively the "Shareholders").

RECITALS:

A. Live Wire is engaged in the business of providing engineering services and licensed software products to the digital television industry (the "Live Wire Business").

B. The Shareholders own 100% of the issued and outstanding shares of Live Wire (the "Live Wire Shares").

C. Live Wire and Sub desire to merge their companies, upon the terms and subject to the conditions hereof (the "Merger").

D. The Board of Directors of each of Live Wire and Sub, the Shareholders and Kudelski as the sole shareholder of Sub have approved the Merger, upon the terms and subject to the conditions set forth herein.

E. It is the intention of the parties to this Agreement that the Merger shall constitute a "reorganization" within the meaning of Section 368(a) of the U.S. Internal Revenue Service Code of 1986, as amended (the "Code") and the rules and regulations thereunder.

NOW, THEREFORE, in consideration of the covenants, representations, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

ARTICLE I

MERGER; SURVIVING CORPORATION

1.1 **The Merger.** Upon the terms and subject to the conditions hereof and in accordance with the provisions of Delaware and Florida law, at the Effective Time (as defined herein), (i) Live Wire shall be merged with and into Sub; (ii) the separate existence of Live Wire shall cease; and (iii) Sub shall continue as the surviving corporation in the Merger under Delaware law under the name Live Wire Communications, Inc. For the purposes hereof, Sub shall be referred to, for the period commencing on the Effective Time, as the "Surviving Corporation."

1.2 Closing and Closing Date. The closing of the transactions contemplated by this Agreement (the "Closing") took place on April 6, 2001 (the "Closing Date") at the offices of Piper Marbury Rudnick & Wolfe LLP, 1251 Avenue of the Americas, New York, New York 10020.

1.3 Effective Time of the Merger. At the Closing, the parties hereto caused a certificate of merger (the "Certificate of Merger") to be filed with the Delaware Secretary of State in accordance with the provisions of Delaware law and articles of merger (the "Articles of Merger") to be filed with the office of the Department of State of Florida in accordance with the provisions of the Florida Business Corporation Act (the "FBCA"). When used herein, the term "Effective Time" shall mean the time when the Certificate of Merger has been accepted for filing in Delaware.

1.4 Effect of the Merger. The Merger shall, from and after the Effective Time, have all of the effects provided by Delaware law and Florida law. If at any time after the Effective Time, any further action is deemed necessary or desirable to carry out the purposes hereof, then the parties hereto agree that the Surviving Corporation and its proper officers and directors shall be authorized to take, and shall take, any and all such action.

1.5 Certificate of Incorporation and Bylaws. The Certificate of Incorporation and Bylaws of Sub as in effect immediately prior to the Effective Time shall be the Certificate of Incorporation and Bylaws of the Surviving Corporation after the Effective Time and shall be amended to change the name of Sub to "Live Wire Communications, Inc.".

1.6 Directors and Officers. From and after the Effective Time, the directors of the Surviving Corporation shall be Charles Egli, Ronald Wing, Adrienne Corboud Fumagalli, Grauch and Higgins, and the officers of the Surviving Corporation shall be Grauch as President, Higgins as Vice President, Engineering, Hurlburt as Vice President, Marketing and Sales, Paulick as Vice President, Operations and Michael Hirschberg as Secretary, in each case until the earlier of their respective resignations or the time that their respective successors are duly elected or appointed and qualified.

ARTICLE II

CONVERSION OF SECURITIES

2.1 Conversion of Securities. At the Closing, the parties shall cause the Effective Time to occur, at which time, by virtue of the Merger and without any further action on the part of Kudelski, Sub or Live Wire, the Live Wire Shares shall be converted into and thereafter be represented, in the aggregate, by (a) US\$2,130,000 in cash as adjusted pursuant to Section 2.3 hereof and (b) 3,971 shares of Kudelski bearer stock (the "Kudelski Shares") as adjusted pursuant to Section 2.4 hereof (the "Exchange Consideration"). The proportional amount of the Exchange Consideration to be received by each Shareholder at the times specified in Section 2.2 hereof shall be thirty percent (30%) for each of Paulick, Grauch and Higgins and ten percent (10%) for Hurlburt (the "Proportionate Share"). Each issued and outstanding share of capital stock of Sub shall, by virtue of the Merger and without any action on the part of Kudelski, Sub or Live Wire, be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.

2.2. Payment of the Exchange Consideration. Subject to the provisions of Sections 2.3 and 2.4 hereof, the Exchange Consideration shall be payable to the Shareholders as follows:

(a) US\$1,130,000 in cash (US\$339,000 to each of Paulick, Grauch and Higgins and US\$113,000 to Hurlburt) by means of wire transfers of immediately available funds to accounts designated by each of the Shareholders and share certificates evidencing an aggregate of 2,978 Kudelski Shares (893 shares to each of Paulick, Grauch and Higgins and 299 shares to Hurlbert) at the Closing (such cash and stock, collectively, the "Closing Payment");

(b) US\$1,000,000 in cash (US\$300,000 to each of Paulick, Grauch and Higgins and US\$100,000 to Hurlburt) by means of wire transfers of immediately available funds to accounts designated by each of the Shareholders, on the four (4) month anniversary of the Closing;

(c) share certificates evidencing an aggregate of 331 Kudelski Shares (99 shares to each of Paulick, Grauch and Higgins and 34 shares to Hurlburt) on the first anniversary of the Closing;

(d) share certificates evidencing an aggregate of 331 Kudelski Shares (99 shares to each of Paulick, Grauch and Higgins and 34 shares to Hurlburt) on the second anniversary of the Closing; and

(e) share certificates evidencing an aggregate of 331 Kudelski Shares (99 shares to each of Paulick, Grauch and Higgins and 34 shares to Hurlburt) on the third anniversary of the Closing.

2.3. Adjustment to the Cash Portion of the Exchange Consideration. In the event that Live Wire and the Surviving Corporation have failed to collect at least \$263,000 of Live Wire's outstanding Accounts Receivable (as hereinafter defined) at December 31, 2000 on or before the four month anniversary of the Closing Date, the payment contemplated in Section 2.2(b) will be adjusted downward by the amount of the difference between \$263,000 and the amount collected (the "Shortfall Amount"); provided, however, that no downward adjustment shall be required with respect to a Shortfall Amount which relates to any Account Receivable which has not been paid as a result of the financial condition of the obligor and neither Live Wire nor the Shareholders were aware of the financial condition of the obligor on or before the Closing. Any reduction in such cash payment as a result of this Section 2.3 shall be allocated among the Shareholders based upon each Shareholder's Proportionate Share of the aggregate amount of the reduction.

2.4 Adjustment to the Stock Portion of the Exchange Consideration. (a) The delivery of any of the Kudelski Shares contemplated in clauses (c) through (e) of Section 2.2 shall be contingent upon the satisfaction of each of the following conditions on the required delivery date:

(i) the Surviving Corporation's total revenues for the calendar year ended immediately prior to the required date of each delivery of Kudelski shares, as determined in accordance with United States generally accepted accounting principles ("GAAP"),

shall equal or exceed the total revenues of Live Wire for the year ended December 31, 2000 as set forth on Live Wire's income statement for the year ended December 31, 2000, as audited by Pricewaterhouse Coopers LLP ("PwC");

(ii) each of the Shareholders shall be employed by the Surviving Corporation on the required date of delivery of the Kudelski shares unless any such Shareholder's employment shall have been terminated by reason of a Shareholder's death or Disability, by the Surviving Corporation without Cause or by any Shareholder for Good Reason (as the terms Disability, Cause and Good Reason are defined in their respective employment agreements with the Surviving Corporation; and

(iii) the Personnel Points (as hereinafter defined) of the Surviving Corporation's employees on the date of the required delivery shall equal or exceed eighty seven (87).

In the event that all of the performance criteria referred to in clauses (i) through (ii) of this Section 2.4 have not been achieved at the time of each payment contemplated in clauses (c) through (e) of Section 2.2, that payment then due shall be forfeited.

(b) For purposes of this Section 2.4, the following provisions shall be applicable:

(i) The term "Personnel Points" shall mean the sum of the years of relevant engineering experience for each of the Surviving Corporation's or Live Wire employees (including the Shareholders) included in the relevant calculation; provided, however, that no person shall be allocated more than eight (8) Personnel Points regardless of the number of years of that person's relevant engineering experience. Any employee of the Surviving Corporation who is continuously employed for the twelve (12) month period ending thirty (30) days before any date of calculation of Personnel Points (the "Measuring Period") shall receive one Personnel Point for each year of relevant engineering experience. Any employee of the Surviving Corporation who was employed for less than a full year during the Measuring Period shall receive a number of Personnel Points determined by multiplying the number of years of relevant engineering experience by a fraction, the numerator of which is the number of months during which such person was employed by the Company and the denominator of which is twelve (12). Immediately after the Measuring Period, the Shareholders shall deliver to Kudelski all relevant information regarding persons included in the calculation of Personnel Points and Kudelski shall deliver to the Shareholders its calculation of the Personnel Points for the applicable Measuring Period. Such calculation shall be binding on the Shareholders unless they notify Kudelski of an objection within five (5) days after Kudelski delivers its calculation. If the parties cannot thereafter agree on the number of Personnel Points for any Measuring Period, the determination shall be made by PwC and the parties shall share equally the costs of such determination.

(ii) Total revenues for the years ended December 31, 2001, 2002 and 2003 shall be based upon the audited statements of income for the years then ended prepared in accordance with GAAP on a basis that is consistent with the practices followed for the year ended December 31, 2000.

(iii) From the Effective Time until December 31, 2003, the operations of the business of the Surviving Corporation shall be based upon an annual business plan and budget prepared by the Shareholders (to the extent they are in the employ of the Surviving Corporation) before January 1 of each year and approved by the Board. The Board will not unreasonably withhold or delay its approval of the business plan and budget if the basis of the business plan and budget is reasonably related to the operations of the Surviving Corporation during the immediately preceding year or the Shareholders can otherwise justify to the Board a business plan and budget which materially deviates from the prior year. The Board shall have the right to modify the business plan and budget during the course of any year if, in the exercise of its fiduciary obligations, it determines that there is a material adverse change in the business of the Surviving Corporation which requires an adjustment to the business plan and budget.

(c) The stock portion of the Exchange Consideration shall be correspondingly adjusted in the event of any dividend or distribution, or any stock split, recapitalization, combination or the like, relating to Kudelski's capital stock prior to or after the issuance of any shares of Kudelski stock to the Shareholders.

2.5 Transfer Taxes. The Shareholders shall be solely responsible for the payment of any and all foreign, federal, state and local taxes, impositions, liens, levies, assessments and similar charges incident to the transfer of the Shares contemplated herein.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF LIVE WIRE AND THE SHAREHOLDERS

Live Wire and the Shareholders, jointly and severally, represent and warrant to Kudelski and Sub as follows, which representations and warranties shall survive the Closing in accordance with Section 7.6:

3.1 Organization and Qualification. Live Wire is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Live Wire has the requisite power and authority to carry on the Live Wire Business as it is now being conducted and is duly qualified or licensed to do business, and is in good standing, in the state of Georgia and each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary. Live Wire has furnished Kudelski with a list of any states in which Live Wire is qualified to do business. Complete and correct copies of the Articles of Incorporation and Bylaws of Live Wire as in effect on the date hereof have been furnished to Kudelski. All minutes of the Board of Directors and Shareholders of Live Wire have been furnished to Kudelski.

3.2 Authority. Live Wire has the necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. Each of the Shareholders is of full age and has the requisite capacity to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery hereof and the

consummation of the transactions contemplated hereby by Live Wire have been duly and validly authorized and approved by the Board of Directors of Live Wire and all of the Shareholders, and no other corporate or shareholder proceedings on the part of Live Wire or the Shareholders is necessary to authorize or approve this Agreement or to consummate the transactions contemplated hereby (including the Merger). This Agreement has been duly executed and delivered by Live Wire and the Shareholders and, assuming the due authorization, execution and delivery by Kudelski and Sub, constitutes the valid and binding obligation of Live Wire and the Shareholders, enforceable against Live Wire and the Shareholders in accordance with its terms subject, in each case, to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general principles of equity.

3.3 Capitalization.

(a) Live Wire has authorized capital stock consisting of one hundred (100) shares of Common Stock, \$1 par value per share. The Live Wire Shares comprise one hundred percent (100%) of the issued shares of capital stock of Live Wire. All of the Live Wire Shares are validly issued and outstanding, fully paid and nonassessable. Thirty (30) Live Wire Shares each are held of record by Paulick, Grauch and Higgins and ten (10) Live Wire Shares are held of record by Hurlburt. The Live Wire Shares were issued in accordance with applicable federal and state securities laws. There are no options, warrants, calls, convertible notes, agreements, commitments or other rights presently outstanding that would obligate Live Wire or the Shareholders to issue, deliver or sell additional shares, or to grant, extend or enter into any such option, warrant, call, convertible note, agreement, commitment or other right. There are no preemptive or similar rights to subscribe for or to purchase any capital stock (including the Live Wire Shares) or other securities or other equity interests of Live Wire. There are no agreements or understandings between or among any Persons (as hereinafter defined) which affect or relate to the voting or giving of written consents with respect to any security of Live Wire. Live Wire has no bond, debenture, note or other indebtedness issued or outstanding that has voting rights in Live Wire.

(b) Each Shareholder has good and marketable title to the Live Wire Shares owned by him, and all such Live Wire Shares are owned free and clear of any lien, charge, security interest, pledge, option, right of first refusal, voting proxy or other voting agreement, or encumbrance of any kind or nature other than restrictions on transfer imposed by federal and state securities laws (any of the foregoing, a "Lien").

3.4 Subsidiaries. Live Wire has no subsidiaries and does not otherwise own or control, directly or indirectly, any equity interest, or any security convertible into an equity interest, in any corporation, partnership, limited liability company, joint venture, association or other business entity (any of the foregoing, an "Entity").

3.5 No Conflicts, Required Filings and Consents. Except as set forth on Schedule 3.5, none of (i) the execution and delivery hereof by Live Wire or the Shareholders, (ii) the consummation by Live Wire and the Shareholders of the transactions contemplated hereby (including the Merger) or (iii) compliance by Live Wire and the Shareholders with any of the provisions hereof will:

- (a) conflict with or violate the Articles of Incorporation or Bylaws of Live Wire;
- (b) result in a violation of any statute, ordinance, rule, regulation, order, judgment or decree applicable to Live Wire or the Shareholders, or by which Live Wire or the Shareholders or any of their respective properties or assets are bound or affected;
- (c) result in a violation or breach of, or constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or give to any other right of termination, amendment, acceleration or cancellation of, any note, bond, mortgage or indenture, or any material contract, agreement, arrangement, lease, license, permit, judgment, decree, franchise or other instrument or obligation, to which Live Wire or any Shareholder is a party or by which Live Wire or any Shareholder or any of their respective properties or assets are bound or affected;
- (d) result in the creation of any Lien on any of the property or assets of Live Wire or any Shareholder; or
- (e) require any consent, waiver, license, approval, authorization, order or permit of, registration or filing with, or notification to (any of the foregoing being a "Consent"), (i) any government or subdivision thereof, whether domestic or foreign, or any administrative governmental or regulatory authority, agency, commission, court, tribunal or body, whether domestic, foreign or multinational (any of the foregoing, a "Governmental Entity"), except for the filing of the Certificate of Merger pursuant to Delaware law and the Articles of Merger pursuant to Florida law or (ii) any other individual or Entity (collectively, a "Person").

3.6 Financial Statements. Live Wire has heretofore furnished Kudelski with a true and complete copy of the audited financial statements of Live Wire for the years ended December 31, 1998, 1999 and 2000 (all of the foregoing collectively herein referred to as the "Live Wire Financial Statements"). Except as disclosed therein, the Live Wire Financial Statements were prepared in accordance with the books and records of Live Wire and with GAAP, present fairly, in all material respects, the financial position and operating results of Live Wire as of the dates, and for the periods, indicated therein and contain and reflect all necessary adjustments and accruals, adequate provisions for all reasonably anticipated liabilities for all Taxes and adequate reserves for all reasonably anticipated losses, costs and expenses.

3.7 Absence of Changes. Except as provided in Schedule 3.7 and except as contemplated hereby, since December 31, 2000 Live Wire has carried on its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and (i) Live Wire has not entered into any transaction that was not in the ordinary course of business; (ii) except for sales of services and licenses of software in the ordinary course of business, there has been no sale, assignment, transfer, mortgage, pledge, encumbrance or lease of any material asset or property of Live Wire; (iii) there has been (A) no declaration or payment of a dividend, or any other declaration, payment or distribution of any type or nature to any Shareholder in respect of his Live Wire Shares, whether in cash or property, and (B) no purchase or redemption of any Live Wire Shares; (iv) there has been no declaration, payment or commitment for the payment by Live Wire of a bonus or other additional salary, compensation or benefit to any employee of Live Wire that was not in the ordinary course of business, except as set forth on Schedule 3.16 or except for normal

year-end bonuses paid in the ordinary course of business; (v) there has been no release, compromise, waiver or cancellation of any debt to or claim by Live Wire, or waiver of any right of Live Wire; (vi) there have been no capital expenditures in excess of \$5,000 for any single item, or \$25,000 in the aggregate; (vii) there has been no change in accounting methods or practices or revaluation of any asset of Live Wire (other than the Accounts Receivable written down in the ordinary course of business not in excess of \$5,000 for any single Account Receivable or \$25,000 in the aggregate); (viii) there has been no material damage or destruction to, or loss of, physical property (whether or not covered by insurance) adversely affecting the Live Wire Business or the operations of Live Wire; (ix) there has been no loan by Live Wire, or guaranty by Live Wire of any loan, to any employee of Live Wire; (x) Live Wire has not ceased to transact business with any customer that, as of the date of such cessation, represented more than five percent (5%) of the annual gross revenues of Live Wire; (xi) there has been no termination or resignation of any key employee or officer of Live Wire, and to the knowledge of Live Wire and the Shareholders, no such termination or resignation is threatened; (xii) there has been no amendment or termination of any material oral or written contract, agreement or license related to the Live Wire Business, to which Live Wire is a party or by which Live Wire is bound, except in the ordinary course of business, or except as expressly contemplated hereby; (xiii) Live Wire has not failed to satisfy any of its debts, obligations or liabilities related to the Live Wire Business or the assets of Live Wire as the same become due and owing (except for Accounts Payable (as defined in Section 3.27) payable in accordance with past practices and in the ordinary course of business); (xiv) Live Wire has not incurred any indebtedness for borrowed money or guaranteed any such indebtedness of another Person or issued or sold any debt security of Live Wire, guaranteed any debt security of another Person or entered into any "keep well" or other agreement to maintain the financial condition of another Person, or made any loan, advance (excluding advances to employees, not exceeding \$5,000, in the ordinary course of business of Live Wire consistent with past practices) or capital contribution to, or investment in, any other Person, or settled or compromised any material claim or litigation; (xv) there has been no agreement or commitment by Live Wire to do any of the foregoing; and (xvi) there has been no other event or condition of any character pertaining to and materially and adversely affecting the assets, business and financial condition of Live Wire.

3.8 Undisclosed Liabilities. Except as set forth on Schedule 3.8, Live Wire has no debt, liability or obligation of any kind, whether accrued, absolute or otherwise, including any liability or obligation on account of taxes or any governmental charge or penalty, interest or fine, except (a) liabilities incurred in the ordinary course of business after December 31, 2000 that would not, whether individually or in the aggregate, have a material adverse impact on the business and financial condition of Live Wire, (b) liabilities reflected on the Live Wire Financial Statements and (c) liabilities incurred as a result of the transactions contemplated hereby.

3.9 Title to Properties. Except as set forth on Schedule 3.9, Live Wire has good and marketable title to all tangible property and assets used in the Live Wire Business and good and valid title to its leasehold interests, in each case, free and clear of any and all Liens other than Permitted Liens (as defined in Section 9.10).

3.10 Equipment. Live Wire has furnished Kudelski with a true and correct list of all items of tangible personal property (including computer hardware) necessary for and used in the operation of the Live Wire Business in the manner in which it has been and is now operated by

Live Wire (the "Live Wire Equipment"), except for personal property having a net book value of less than \$5,000. Except as set forth on Schedule 3.10, each material item of the Live Wire Equipment is in good condition and repair, ordinary wear and tear excepted.

3.11 Intellectual Property.

(a) Schedule 3.11(a) contains a true and complete list of all trademarks and service marks, trade names, fictitious business names, slogans, patents and registered copyrights (and all pending applications for any of the foregoing) used by Live Wire in the conduct of the Live Wire Business (together with trade secrets, unregistered copyrights and know-how so used the "Intellectual Property Rights"). Except as set forth on Schedule 3.11(a), Live Wire owns, or is validly licensed or otherwise has the right to use or exploit, as currently used or exploited, all of the Intellectual Property Rights, free of any obligation to make any payment (whether of a royalty, license fee, compensation or otherwise). None of the Intellectual Property owned by Live Wire infringes on the rights of any third party and no claims are pending or, to the knowledge of Live Wire or the Shareholders, threatened, that Live Wire is infringing or otherwise adversely affecting the rights of any Person with regard to any Intellectual Property Right or that any such Right is invalid or unenforceable. Except as set forth on Schedule 3.11(a), no Person is infringing upon the rights of Live Wire with respect to any Intellectual Property Right; nor, to Live Wire's and the Shareholders' knowledge, has any Person threatened to do so. To Live Wire's and the Shareholders' knowledge, no employee, agent or independent contractor of Live Wire, in connection with the performance of such Person's services with Live Wire, has used, appropriated or disclosed, directly or indirectly, any confidential and proprietary information of any other Entity.

(b) Schedule 3.11(b) contains a true and complete list of all material computer software developed by Live Wire in the conduct of the Live Wire Business (the "Software"). Live Wire currently owns, licenses or otherwise has the legal right to use all of the Software (including any upgrade, alteration or enhancement with respect thereto), and all of the Software is being used in compliance with any applicable license or other agreement.

(c) Schedule 3.11(c) contains a true and complete list, in all material respects, of all domain names (i) registered to or used by Live Wire, (ii) the registration fees for which are paid by Live Wire or (iii) registered to any employee of Live Wire relating to the Live Wire Business (collectively, "Domain Names"). Live Wire owns and has registered, or is validly licensed or otherwise has the right to use, the Domain Names.

(d) Except as set forth on Schedule 3.11(d), all former and current consultants or contractors of Live Wire have executed and delivered valid written instruments with Live Wire that assign to Live Wire ownership rights to inventions, discoveries or improvements developed by them for Live Wire. All employees of Live Wire who participated in the creation or contributed to the development of Intellectual Property Rights or Domain Names were employees of Live Wire at the time of rendering such services, and such services were within the scope of their employment or such employees have otherwise validly assigned such Intellectual Property Rights or Domain Names to Live Wire and Live Wire has taken all commercially reasonable security measures consistent with those taken by companies of similar size in businesses similar to the Live Wire Business to protect the secrecy, confidentiality and value of the Intellectual Property Rights.

3.12 Real Property. Except as set forth on Schedule 3.12:

(a) Live Wire has a good and valid leasehold interest in all real property (including all buildings, improvements and fixtures thereon) used in the operation of the Live Wire Business (the "Live Wire Real Property"). Live Wire does not own any real property. Except for Permitted Liens and for the items set forth on Schedule 3.12, there are no Liens on Live Wire's interest in any of the Live Wire Real Property.

(b) There are no parties in possession of any portion of the Live Wire Real Property other than Live Wire, whether as sublessees, subtenants at will or trespassers.

(c) To the knowledge of Live Wire, there is no law, ordinance, order, regulation or requirement now in existence or under active consideration by any Governmental Entity that would require, under the provisions of any of the Live Wire Leases (as defined in Section 3.13) or otherwise, any material expenditure by Live Wire to modify or improve any of the Live Wire Real Property to bring it into compliance therewith.

3.13 Leases. Live Wire has furnished Kudelski with true and complete copies of, and Schedule 3.13 sets forth a true and correct list of, all written leases pursuant to which Live Wire leases, as lessor or lessee, real or personal property used in operating the Live Wire Business or otherwise (the "Live Wire Leases"). All of the Live Wire Leases are in full force and effect, unimpaired by any act or omission of Live Wire, and are valid, binding and enforceable against Live Wire and, to the knowledge of Live Wire, against the other parties thereto, in accordance with their respective terms, and there is not under any such Live Wire Lease any existing material default by Live Wire, or, to the knowledge of Live Wire or the Shareholders, by any other party thereto, or any condition or event that, with notice or lapse of time or both, would constitute such a default. Live Wire has not received notice that the lessor of any of the Live Wire Leases intends to cancel, suspend or terminate such Live Wire Lease or to exercise or not to exercise any option thereunder.

3.14 Contracts. Live Wire has furnished Kudelski with true and complete copies of, and Schedule 3.14 sets forth a true and correct list of, all written contracts, agreements and commitments to which Live Wire is, directly or indirectly, a party (in its own name or as a successor in interest), or by which Live Wire or any of its properties or assets is otherwise bound, including any service agreements, customer agreements, supplier agreements, agreements to lend or borrow money, stockholder agreements, employment agreements, agreements relating to Intellectual Property Rights and the like (collectively, the "Live Wire Contracts"); excepting only those Live Wire Contracts which involve less than \$10,000 or are cancelable, without penalty, on no more than ninety (90) days' notice. Neither Live Wire nor, to the knowledge of Live Wire or the Shareholders, any other party to any of the Live Wire Contracts (x) is in material default under (nor does there exist any condition that, with notice or lapse of time or both, would cause such a default under) any of the Live Wire Contracts or (y) has waived any right it may have under any of the Live Wire Contracts, the waiver of which would have a material adverse effect on the business, assets or financial condition or prospects of Live Wire. All of the Live Wire Contracts constitute the valid and binding obligations of Live Wire, enforceable in accordance with their respective terms, and, to the knowledge of Live Wire and the Shareholders, of the other parties thereto. The

Live Wire Contracts include all of the contracts and agreements necessary for the conduct of the Live Wire Business as conducted during the twelve (12) months prior to the Effective Time, as presently conducted and as proposed to be conducted.

3.15 Officers and Directors. Schedule 3.15 contains a true and complete list of each officer and director of Live Wire and the position(s) held by each.

3.16 Payroll Information. Schedule 3.16 contains a true and complete list of all current employees of Live Wire and their current levels of compensation, bonuses and other extraordinary compensation. Except as set forth on Schedule 3.16, Live Wire has paid all compensation required to be paid to employees of Live Wire on or prior to the date hereof other than compensation (or bonuses pursuant to arrangements described in Schedule 3.16) accrued in the current pay period. Since December 31, 2000, Live Wire has not entered into any "golden parachute" or other severance arrangement with any employee, officer or manager, or materially increased the compensation (including wages, salaries, benefits and bonuses) payable to any employee, officer or manager, except pursuant to existing compensation and fringe benefit plans, practices and arrangements, or entered into, renewed, or allowed the renewal of, any employment, consulting or other similar agreement with any employee, officer or manager, or amended or modified any benefit plan in any material respect or adopt any other such plan.

3.17 Litigation. Except as set forth on Schedule 3.17, there is no suit, action, claim, investigation or proceeding pending or, to the knowledge of Live Wire or the Shareholders, threatened against or affecting Live Wire or the Live Wire Business, nor is there any judgment, decree, injunction or order of any applicable Governmental Entity or arbitrator outstanding against Live Wire.

3.18 Employee Benefit Plans/Labor Relations.

(a) Except as disclosed in Schedule 3.18, there are no employee benefit plans, agreements or arrangements maintained by Live Wire. All the Live Wire benefit plans are administered in accordance with, and are in material compliance with, all applicable laws and regulations. No default exists with respect to the obligations of Live Wire under any such benefit plan.

(b) Live Wire is not a party to any collective bargaining agreement; no collective bargaining agent has been certified as a representative of any employee of Live Wire; no representation campaign or election is now in progress with respect to any employee of Live Wire; and there are no labor disputes, grievances, controversies, strikes or requests for union representation pending, or, to the knowledge of Live Wire or the Shareholders, threatened, relating to or affecting the Live Wire Business. To the knowledge of Live Wire, no event has occurred that could give rise to any such dispute, controversy, strike or request for representation.

3.19 ERISA.

(a) All Live Wire Benefit Plans that are subject to ERISA have been administered in accordance with, and are in material compliance with, the applicable provisions of

the Employee Retirement Income Security Act of 1974, as amended. Except as set forth in Schedule 3.19, neither the execution and delivery hereof nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation or golden parachute) becoming due to any manager or other employee of Live Wire, (ii) increase any benefit otherwise payable under any of the Live Wire benefit plans or (iii) result in the acceleration of the time of payment or vesting of any such benefit to any extent.

(b) Live Wire has not incurred any liability to the Pension Benefit Guaranty Corporation in respect of any of the Live Wire Benefit plans that remains unpaid.

3.20 Taxes. Live Wire has furnished Kudelski with true and complete copies of all tax returns filed by Live Wire. Except as set forth on Schedule 3.20:

(a) Live Wire has duly and timely filed, or will so file, all federal, state and local or foreign income, franchise, excise, real and personal property and any other tax returns and reports, including extensions, required to have been filed by Live Wire on or prior to the Effective Time. Live Wire has duly and timely paid, or will so pay, all taxes and other governmental charges, and all interest and penalties with respect thereto, required to be paid by it (whether by way of withholding or otherwise) to any federal, state, local or other taxing authority (except to the extent the same are being contested in good faith, and adequate reserves therefor have been provided in the Live Wire Financial Statements). As of the Effective Time, all deficiencies proposed as a result of any audit have been paid or settled.

(b) Live Wire is not a party to, or bound by, or otherwise in any way obligated under, any tax sharing or similar agreement.

(c) Live Wire has consented to have the provisions of Section 341(f)(2) of the Code (or comparable state law provisions) apply to it, and Live Wire has not agreed or been requested to make any adjustment under Section 481(c) of the Code by reason of a change in accounting method or otherwise.

(d) Each tax return filed by Live Wire fully and accurately reflects its liability for taxes for each year or period covered by such returns and fully and accurately sets forth all items of income, cost and expense.

(e) No audit of any tax return of Live Wire is in progress or, to the knowledge of Live Wire or the Shareholders, threatened.

(f) No extensions of time with respect to any date on which a tax return was or is to be filed by Live Wire is in force.

3.21 Compliance with Applicable Laws. Live Wire holds all material permits, licenses, variances, exemptions, orders and approvals of all Governmental Entities necessary to own, lease and operate all of its assets and properties, as appropriate, and to carry on the Live Wire Business as now conducted (the "Live Wire Permits"). Live Wire is in material compliance with

all applicable laws, ordinances and regulations and the terms of the Live Wire Permits. All of the Live Wire Permits are fully assignable in connection with the Merger.

3.22 Shareholder Consent. Each of the Shareholders has adopted and approved this Agreement and the transactions contemplated hereby (including the Merger).

3.23 Brokers. No broker or finder is entitled to any broker's, banker's or finder's fee or other commission in connection with the transactions contemplated hereby as a result of arrangements made by or on behalf of Live Wire or the Shareholders.

3.24 Interest in Customers, Suppliers and Competitors. Except for the lease of office space in Florida from Paulick or as set forth on Schedule 3.25, no officer, director, shareholder or employee of Live Wire and no family member (including a spouse, parent, sibling or lineal descendent) of any of the foregoing has any direct or indirect material interest in any material customer, supplier or competitor of any of them, or in any Person from whom or to whom Live Wire leases any real or personal property, or in any other Person with whom Live Wire is doing business, whether directly or indirectly (including as a debtor or creditor), whether in existence as of the Effective Time or proposed, other than the ownership of stock of publicly traded corporations.

3.25 Accounts Receivable. All accounts, notes, contracts and other receivables of Live Wire (collectively, the "Accounts Receivable") arose in the ordinary course of business in *bona fide* transactions. There are no set-offs, counterclaims or disputes asserted with respect to any Accounts Receivable that would result in claims in excess of the reserve for bad debts set forth on the Live Wire Financial Statements and, to the knowledge of Live Wire and the Shareholders and subject to such reserve, all Live Wire Accounts Receivable are collectible in full. Live Wire has previously provided Kudelski with, and Schedule 3.25 contains, a true and complete aging report, showing the time elapsed since invoice date for all Accounts Receivable as of the date thereof.

3.26 Accounts Payable. All material accounts, notes, contracts and other amounts payable of Live Wire (collectively, the "Accounts Payable") are currently within their respective terms and are neither in default nor otherwise past due by more than ninety (90) days. Live Wire has previously provided Kudelski with, and Schedule 3.26 contains, a true and complete aging report, showing the time elapsed since invoice date for all Live Wire Accounts Payable as of the date thereof.

3.27 Insurance. Live Wire has previously furnished Kudelski with true and complete copies of, and Schedule 3.27 sets forth a true and complete list of, all of the insurance policies currently maintained by Live Wire (collectively, the "Insurance Policies"). Live Wire (a) is not in default regarding the provisions of any Insurance Policy, (b) has paid all premiums due thereunder and (c) has not failed to present any notice or material claim thereunder in a due and timely fashion.

3.28 Bankruptcy. Live Wire has not filed a petition or request for reorganization or protection or relief under the bankruptcy laws of the U.S. or any state or territory thereof or any other jurisdiction, made any general assignment for the benefit of creditors, or consented to the

appointment of a receiver or trustee, including a custodian under the U.S. bankruptcy laws, whether such receiver or trustee is appointed in a voluntary or involuntary proceeding.

3.29 Sensitive Payments. Neither Live Wire nor any Person associated therewith or acting on behalf thereof has used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity or otherwise, made any direct or indirect unlawful payment to government officials from corporate funds, established or maintained any unlawful or unrecorded fund of corporate monies or other assets, made any false or fictitious entries on the books or records of Live Wire or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

3.30 Disclosure. No statement of fact by Live Wire or the Shareholders contained herein and no written statement of fact furnished by Live Wire or the Shareholders to Kudelski in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements herein or therein contained, in light of the circumstances in which they were made, not misleading. There is no material fact or condition specific to Live Wire which could have a material adverse effect on Live Wire or the Live Wire Business which has not been set forth in this Agreement or described in the schedules hereto.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF KUDELSKI AND SUB

Kudelski and Sub represent and warrant to Live Wire and the Shareholders, which representations and warranties shall survive the Closing in accordance with Section 7.5, as follows:

4.1 Organization and Qualification. Kudelski is a societe anonyme duly organized, validly existing and in good standing under the laws of Switzerland and any applicable cantonal requirements. Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Sub is duly qualified or licensed to do business, and is in good standing, in Georgia and Florida.

4.2 Authority. Each of Kudelski and Sub has the necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery hereof and the consummation of the transactions contemplated hereby by Kudelski and Sub have been duly and validly authorized and approved by the Board of Directors of Sub and by Kudelski as the sole shareholder of Sub, and no other corporate or shareholder proceedings on the part of Kudelski or Sub are necessary to authorize or approve this Agreement or to consummate the transactions contemplated hereby (including the Merger). This Agreement has been duly executed and delivered by Kudelski and Sub, and assuming the due authorization, execution and delivery hereof by Live Wire and the Shareholders, constitutes the valid and binding obligation of Kudelski and Sub, enforceable against Kudelski and Sub in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general principles of equity.

4.3 No Conflicts, Required Filings and Consents. Except as set forth on Schedule 4.3, none of the execution and delivery hereof by Kudelski and Sub, the consummation by Kudelski and Sub of the transactions contemplated hereby or compliance by Kudelski and Sub with any of the provisions hereof, will:

(a) conflict with or violate the Certificate/Deed of Incorporation of Kudelski or Sub;

(b) result in a violation of any statute, ordinance, rule, regulation, order, judgment or decree applicable to Kudelski or Sub, or by which Kudelski or Sub or its direct or indirect properties or assets may be bound or affected;

(c) result in a violation or breach of, or constitute a default (or an event that, 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, any note, bond, mortgage or indenture, or any material contract, agreement, arrangement, lease, license, permit, judgment, decree, franchise or other instrument or obligation to which Kudelski or Sub is a party or by which Kudelski or Sub or its direct or indirect properties may be bound or affected;

(d) result in the creation of any Lien on any of the direct or indirect property or assets of Kudelski or Sub; or

(e) require any Consent of (i) any Governmental Entity (other than (x) pursuant to the Swiss Exchange and (y) the filing of the Certificate of Merger pursuant to Delaware law and the Articles of Merger pursuant to Florida law) ; or (ii) any other Person.

4.4 Kudelski's Public Information. As of their respective filing dates, Kudelski's public filings (collectively, "Public Information") (i) did not contain any untrue statements of material facts or omit to state material facts required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) complied in all material respects with applicable laws, rules and regulations of Governmental Entities and stock exchanges. The financial statements included in the Public Information present fairly in all material respects the consolidated financial position and operating results of Kudelski and its subsidiaries at the respective dates or for the respective periods to which they apply.

4.5 Absence of Changes. Except as provided in Schedule 4.5, since the most recent Public Information there has been no material adverse change in the business, operations, results of operations, assets, properties, prospects or financial condition of Kudelski. Since such date, Kudelski has conducted its business in all material respects in the ordinary course consistent with past practices.

4.6 Litigation. Except as set forth in the Public Information or in Schedule 4.6, there is no claim, action, suit, investigation or proceeding pending or, to the knowledge of Kudelski, threatened against or affecting Kudelski or its subsidiaries at law or in equity or before any federal, state, municipal or other governmental entity or regulatory body which, if judgment

against Kudelski were obtained, would individually or in the aggregate have a material adverse change in the business, operations, results of operations, assets, properties, prospects or financial condition of Kudelski and its subsidiaries taken as a whole.

4.7 Brokers. No broker or finder is entitled to any broker's, banker's or finder's fee or other commission in connection with the transactions contemplated hereby as a result of arrangements made by or on behalf of Kudelski or Sub.

4.8 Kudelski Shares. The Kudelski Shares are fully transferable and, when delivered to the Shareholders in accordance with the terms hereof, shall not be subject to contractual or other restrictions on transfer, shall be duly authorized, validly issued, fully paid and nonassessable and shall be free and clear of all Liens, as well as restrictions imposed by foreign, federal and state securities laws.

4.9 Disclosure. No statement of fact by Kudelski or Sub contained herein and no written statement of fact furnished by Kudelski or Sub to Live Wire or the Shareholders in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements herein or therein contained, in light of the circumstances in which they were made, not misleading.

ARTICLE V

ADDITIONAL AGREEMENTS

5.1 Public Announcements. Each party agrees to consult with each other prior to any public announcement relating to the Merger; and the timing, content and dissemination of any public announcement will be subject to the mutual approval of the parties, except to the extent that a party is not reasonably able to consult in a timely manner with, or obtain the approval of, the other party in situations in which disclosures are required by applicable law, or by Swiss Stock Exchange rules.

5.2 Employees. After the Effective Time, the Shareholders will cooperate with Kudelski and the Surviving Corporation and use commercially reasonable efforts to assist Kudelski and the Surviving Corporation to negotiate with any or all employees of Live Wire, including managerial staff, in an effort to persuade them to continue in the employ of the Surviving Corporation after the Closing.

5.3 Further Assurances. From time to time after the Effective Time, upon the reasonable request of any party, the other shall execute and deliver or cause to be executed and delivered such further instruments, and take such further action, as the requesting party may reasonably request in order to effectuate fully the purposes, terms and conditions hereof.

ARTICLE VI

CLOSING DELIVERIES

6.1 Closing Deliveries. At the Closing, the following actions took place:

(a) The appropriate officers of Live Wire and Sub, as the case may be, delivered a Certificate, substantially in the form of “Exhibit “A” hereto certifying as to complete and correct copies of the Certificate or Articles of Incorporation and Bylaws of Live Wire or Sub, as the case may be, as in effect on the date of the Closing, the good standing of Live Wire or Sub, as the case may be, in the jurisdictions identified in Sections 3.1 and 4.1, resolutions of the Board of Directors of Live Wire and Sub, as the case may be, authorizing the transactions contemplated by this Agreement and the incumbency of officers of Live Wire and Sub.

(b) Live Wire and the Shareholders entered into employment agreements, in the form of Exhibit “B” (the “Employment Agreements”).

(c) Live Wire entered into noncompetition, nonsolicitation and confidentiality agreements, in the form of Exhibit “C” (the Noncompetition and Confidentiality Agreements”).

(d) Live Wire and all of the employees of Live Wire (other than the Shareholders) shall have entered into confidentiality and invention assignment agreements, in the form of Exhibit “D”.

(e) Each of Live Wire and Kudelski and Sub delivered evidence that it obtained all of the material Consents required to consummate the transactions contemplated hereby.

ARTICLE VII

INDEMNIFICATION

7.1 Indemnification by Kudelski.

(a) Kudelski shall indemnify and hold the Shareholders and Live Wire’s, directors, officers and employees (collectively, the “Live Wire Indemnified Parties”) harmless from and against, and agrees promptly to defend each of the Live Wire Indemnified Parties from and reimburse each of the Live Wire Indemnified Parties for, any and all losses, damages, costs, expenses, liabilities, obligations and claims of any kind (including reasonable attorneys’ fees and other legal costs and expenses) (singularly, a “Live Wire Loss” or, collectively, the “Live Wire Losses”) that any of the Live Wire Indemnified Parties may at any time suffer or incur, or become subject to, as a result of or in connection with:

(i) any breach or inaccuracy of any of the representations and warranties made by Kudelski or Sub in or pursuant hereto, or in any instrument, certificate or affidavit delivered by Kudelski or Sub at the Closing in accordance with the provisions hereof;

(ii) any failure by Kudelski or Sub to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations hereunder, including the payment of the Exchange Consideration, or under any of the documents and materials delivered by Kudelski pursuant hereto; and

(iii) any suit, action or other proceeding arising out of, or in any way related to, any of the matters referred to in this Section 7.1(a).

7.2 Indemnification by the Shareholders.

(a) The Shareholders, jointly and severally, shall indemnify and hold Kudelski, Sub and its stockholders, directors, officers and employees (collectively, the "Kudelski Indemnified Parties") harmless from and against, and agree to defend promptly each of the Kudelski Indemnified Parties from and reimburse each of the Kudelski Indemnified Parties for, any and all losses, damages, costs, expenses, liabilities, obligations and claims of any kind (including reasonable attorneys' fees and other legal costs and expenses) (singularly, a "Kudelski Loss" or, collectively, the "Kudelski Losses") that any of the Kudelski Indemnified Parties may at any time suffer or incur, or become subject to, as a result of or in connection with:

(i) any breach or inaccuracy of any of the representations and warranties made by Live Wire or the Shareholders in or pursuant to Article III, or in any instrument, certificate or affidavit delivered by any of the same at the Closing in accordance with the provisions hereof;

(ii) any failure by Live Wire and the Shareholders to carry out, perform, satisfy and discharge any of their respective covenants, agreements, undertakings, liabilities or obligations hereunder or under any of the documents and materials delivered by any of them pursuant hereto; and

(iii) any suit, action or other proceeding arising out of, or in any way related to, any of the matters referred to in this Section 7.2.

(b) Notwithstanding the above, the Shareholders shall not have any liability under Section 7.2(a) above for Kudelski Losses in excess of the cash and value of the Kudelski shares actually paid or delivered to the Shareholders in the aggregate, and each Shareholder shall not have any liability under Section 7.2 (a) above for any amount in excess of the cash and value of the Kudelski shares actually received by such Shareholder. For purposes of this Section 7.2(b), the value of the Kudelski shares shall be the market price of Kudelski shares on [the Effective Date].

7.3 Notification of Claims; Election to Defend.

(a) A party entitled to be indemnified pursuant to Section 7.1 or 7.2, as the case may be (the "Indemnified Party"), shall notify the party liable for such indemnification (the "Indemnifying Party") in writing of any claim or demand (a "Claim") that the Indemnified Party has determined has given or could give rise to a right of indemnification hereunder. Subject to the Indemnifying Party's right to defend in good faith third party claims as hereinafter provided, the

Indemnifying Party shall satisfy its obligations under this Article VII within thirty (30) days after the receipt of written notice thereof from the Indemnified Party unless such amount is contested in good faith, in which case the amount is to be paid within thirty (30) days of the date on which the dispute is resolved. Any amounts paid thereafter shall include interest thereon for the period commencing at the end of the applicable thirty (30)-day period and ending on the actual date of payment, at a rate of fifteen percent (15%) per annum, or, if lower, at the highest rate of interest permitted by applicable law at the time of such payment.

(b) If the Indemnified Party shall notify the Indemnifying Party of any Claim pursuant to Section 7.3(a), and if such Claim relates to a Claim asserted by a third party against the Indemnified Party that the Indemnifying Party acknowledges is a Claim for which it must indemnify or hold harmless the Indemnified Party under Section 7.1 or 7.2, as the case may be, then the Indemnifying Party shall have the right, at its sole cost and expense, to employ counsel reasonably acceptable to the Indemnified Party to defend any such Claim asserted against the Indemnified Party. Notwithstanding anything to the contrary in the preceding sentence, if the Indemnified Party (i) reasonably believes that its interests with respect to a Claim (or any material portion thereof) are in conflict with the interests of the Indemnifying Party with respect to such Claim (or portion thereof) and (ii) promptly notifies the Indemnifying Party, in writing, of the nature of such conflict, then the Indemnified Party shall be entitled to choose, at the sole cost and expense of the Indemnifying Party, independent counsel to defend such Claim (or the conflicting portion thereof). The Indemnified Party shall have the right to participate in the defense of any Claim, at its own expense (except to the extent provided in the preceding sentence), but the Indemnifying Party shall retain control over such litigation (except as provided in the preceding sentence). The Indemnifying Party shall notify the Indemnified Party in writing, as promptly as possible (but in any case before the due date for the answer or response to a Claim) after receipt of the notice of Claim given by the Indemnified Party to the Indemnifying Party under Section 7.3(a), of its election to defend in good faith any such third party Claim. For so long as the Indemnifying Party is defending in good faith any such Claim asserted by a third party against the Indemnified Party, the Indemnified Party shall not settle or compromise such Claim without the prior written consent of the Indemnifying Party. The Indemnified Party shall cooperate with the Indemnifying Party in connection with any such defense and shall make available to the Indemnifying Party or its agents all records and other materials in the Indemnified Party's possession reasonably required by the Indemnifying Party for its use in contesting any third party Claim; *provided, however*, that the Indemnifying Party shall have agreed, in writing, to keep such records and other materials confidential except (i) to the extent required for defense of the relevant Claim, or (ii) as required by law, rule or regulation or court order. Whether or not the Indemnifying Party elects to defend any such Claim, the Indemnified Party shall have no obligation to do so. Within thirty (30) days after a final determination (including a settlement) has been reached with respect to any Claim contested pursuant to this Section 7.3(b), the Indemnifying Party shall satisfy its obligations hereunder with respect thereto. Any amount paid thereafter shall include interest thereon for the period commencing at the end of such thirty (30)-day period and ending on the actual date of payment, at a rate of fifteen percent (15%) per annum, or, if lower, at the highest rate of interest permitted by applicable law at the time of such payment.

7.4 Computation of Losses. For purposes of calculating any Losses suffered by an Indemnified Party hereunder, the amount of the Losses suffered shall be the net amount of damage

so suffered after giving effect to any insurance proceeds recoverable with respect to such matter and to any tax benefits attributable to such damage or to be derived therefrom in the same or any subsequent taxable period.

7.5 Termination of Indemnification Obligations. The parties shall be entitled to indemnification under this Article VII only with respect to claims for indemnification as to which express notice of such claim, including a description of the basis for the claim, is given by the Indemnified Party within two (2) years following the Effective Time, except as to matters arising under Section 3.20, which shall continue to survive for the period of the statute of limitations applicable thereto, including the period of any waiver or extension thereof (the "Tax Indemnification Period"). If and to the extent that no such claim is made within the two (2) years period or the Tax Indemnification Period, as applicable, the obligations of the parties to indemnify and hold harmless the Indemnified Parties hereunder shall expire and be of no further force and effect.

ARTICLE VIII

AMENDMENT AND WAIVER

8.1 Fees and Expenses.

(a) All costs and expenses incurred in connection herewith and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses; *provided, however,* all fees and expenses (including agents, counsel and other advisors) of Live Wire and the Shareholders shall be borne by the Shareholders except for fees paid by Live Wire on or before January 1, 2001 and up to an additional \$10,000 of fees of counsel to Live Wire and the Shareholders outstanding on January 1, 2001 or incurred after January 1, 2001.

(b) If the Merger is not consummated because of a material breach hereof by any party, then the nonbreaching party or parties shall be entitled to pursue all legal and equitable remedies against the breaching party for such breach, including (as to Kudelski, in addition to its remedies at law or otherwise in equity) specific performance, and all fees and expenses incurred by the nonbreaching party or parties in connection with enforcing its or their rights hereunder with respect to such breach shall be paid by the breaching party.

(c) Live Wire and the Shareholders hereby acknowledge that Live Wire, the Live Wire Business and properties and assets are unique, and that Kudelski has no adequate remedy at law if Live Wire or the Shareholders materially breach this Agreement; and Kudelski is therefore entitled to bring an action for specific performance hereof, and Live Wire and the Shareholders agree that they will not contest any such action on the grounds that Kudelski has an adequate remedy at law.

8.2 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of the parties hereto.

8.3 Waiver. At any time prior to the Closing Date, the parties may, to the extent permitted by applicable law, (i) extend the time for the performance of any of the obligations or other acts of any other party, (ii) waive any inaccuracies in the representations and warranties by any other party contained herein or in any documents delivered by any other party pursuant hereto and (iii) waive compliance with any of the agreements of any other party or with any conditions to its own obligations contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE X

GENERAL PROVISIONS

9.1 Survival; Recourse. None of the agreements contained herein shall survive the Merger, except that (i) the covenants contained in Article V and the obligations to indemnify contained in Article VII shall survive the Merger indefinitely (except to the extent a shorter period of time is explicitly specified therein) and (ii) the representations and warranties made in Articles III and IV shall survive the Merger, and shall survive any independent investigation by the parties, and any dissolution, merger or consolidation of Live Wire or Kudelski, and shall bind the legal representatives, assigns and successors of Live Wire, the Shareholders and Kudelski, for a period of two (2) years after the Closing Date (other than the representations and warranties contained in Section 3.20, which shall survive for the applicable statute of limitations).

9.2 Notices. All notices or other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in Person, by fax (with confirmation of receipt), or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Live Wire or the Shareholders: Live Wire Communications, Inc.
828 Ralph McGill Blvd., Suite 318
Atlanta, GA 30306
Attention: Mr. Edward R. "Ted" Grauch
Fax: (404) 525-0790

With a copy to: Red Hot Law Group of Ashley LLC
817 West Peachtree St., Suite 400
Atlanta, GA 30308
Attention: Robert A. Portnoy, Esq.
Fax: (404) 575-1901

If to Kudelski or Sub: Kudelski S.A.
Route de Genève 22
1033 Cheseaux
Switzerland
Attention: M. André Kudelski
Fax: + 41 21 732 01 00

With copies to:

Etude de Maitre Patrick Foetisch
Rue du Petit-Chene 18 (Richemont)/ P.O. Box 2812
1003 Lausanne, Switzerland
Attention: Me. Patrick Foetisch
Fax: +41 21 311 17 48

Piper Marbury Rudnick & Wolfe LLP
1251 Avenue of the Americas
New York, NY 10020-1104
Attention: Michael Hirschberg, Esq.
Fax: (212) 835-6001

or to such other address as any party may have furnished to the other parties in writing in accordance with this Section.

9.3 Entire Agreement. The exhibits and schedules hereto are incorporated herein by reference. This Agreement and the documents, exhibits, schedules and instruments referred to herein and to be delivered pursuant hereto constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. There are no other representations or warranties, whether written or oral, between the parties in connection the subject matter hereof, except as expressly set forth herein.

9.4 Assignments; Parties in Interest. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing herein, express or implied, is intended to or shall confer upon any Person not a party hereto any right, benefit or remedy of any nature whatsoever under or by reason hereof, except as otherwise provided herein.

9.5 Governing Law; Dispute Resolution by Arbitration. This Agreement shall be governed by and construed in accordance with the laws of Switzerland (without giving effect to principles of conflicts of law). Any dispute arising out of or in connection with this Agreement shall be finally settled in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce by an arbitral tribunal composed of one mutually acceptable arbitrator. The place of arbitration shall be the Lausanne, Switzerland, and the procedure shall be conducted in the English language, governed by the substantive laws of Switzerland. The tribunal shall decide as amiable compositeur. The parties agree that legal fees of the prevailing party shall be included in the arbitrator's ruling, and that the arbitral award shall be binding and enforceable in any court of competent jurisdiction.

9.6 Headings; Interpretation; Incorporation. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part hereof or to affect the meaning or interpretation hereof. Words such as "herein," "hereof," "hereto," "hereunder" or the

like shall refer to this Agreement as a whole. The words "include" or "including" shall be by way of example rather than by limitation. The words "or," "either" or "any" shall not be exclusive. Any pronoun used herein shall include the corresponding masculine, feminine or neuter forms. US\$ refers to U.S. Dollars. References to Sections, Articles, Schedules or Exhibits shall, unless the context otherwise requires, be to Sections, Schedules or Exhibits hereof.

9.7 Currency. All payments required to be made pursuant hereto, including all amounts which in the aggregate comprise the Exchange Consideration and any adjustments thereto made subsequent to the Closing, and amounts required to be paid in cash in accordance with any indemnity provisions of this Agreement, shall be made in U.S. Dollars.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, including by fax, each of which shall be deemed an original but all of which taken together shall constitute a single agreement.

9.9 Severability. If any term or other provision hereof is invalid, illegal or incapable of being enforced by any rule of law or public policy, then all other conditions and provisions hereof shall nevertheless remain in full force and effect so long as the economics or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. Upon determination that any term or other provision hereof 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 to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

9.10 Certain Definitions. As used herein:

(a) the term "Permitted Liens" shall mean (a) Liens for taxes, assessments or other governmental charges or levies not yet due; (b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law created in the ordinary course of business for amounts not yet due; (c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other types of social security; (d) minor defects of title, easements, rights-of-way, restrictions and other similar charges or encumbrances not materially detracting from the value of the Live Wire Real Property or interfering with the ordinary conduct of any of the Live Wire Business; and (e) those Liens listed on Schedule 9.10;

(b) (i) any representation or warranty stated to be made "to the knowledge" of a party shall refer to such party's knowledge following reasonable inquiry as to the matter in question; and (ii) any representation or warranty stated to be made "to the knowledge of Live Wire" shall refer to the knowledge, subject to clause (i) above, of the Shareholders; and

(c) the term "Subsidiary" or "Subsidiaries" means, as to Kudelski, any Entity of which Kudelski (either alone or through or together with any other Subsidiary) owns, directly or indirectly, stock or other equity interests the holders of which are entitled to more than 50% of the

vote for the election of the board of directors or other governing body of such Entity (including Sub).

IN WITNESS WHEREOF, Kudelski, Sub and Live Wire have caused this Agreement to be signed and delivered by their respective duly authorized officers, and the Shareholders have signed and delivered this Agreement, as of the date first written above.

"LIVE WIRE"

Live Wire Communications, Inc.

By: _____
Name: _____
Title: _____

"KUDELSKI"

Kudelski S.A.

By: _____
Name: _____
Title: _____

"SUB"

Kudelski Acquisition Corp.

By: _____
Name: _____
Title: _____

"SHAREHOLDERS"

Melvin Paulick

Edward R. Grauch

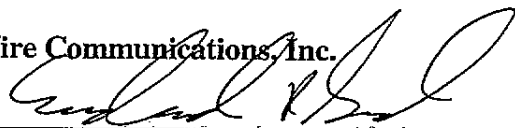
Chuck E. Higgins

Damon F. Hurlburt

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“LIVE WIRE”

Live Wire Communications, Inc.

By: 
Name: EDWARD R. GRAUCH
Title: President

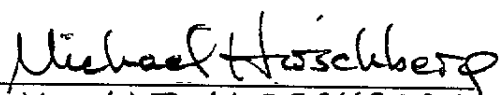
“KUDELSKI”

Kudelski S.A.

By: _____
Name: _____
Title: _____

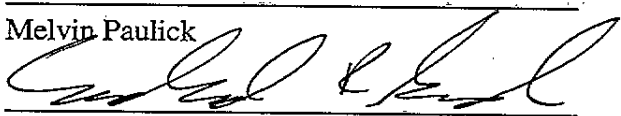
“SUB”

Kudelski Acquisition Corp.

By: 
Name: MICHAEL HIRSCHBERG
Title: SECRETARY

“SHAREHOLDERS”

Melvin Paulick


Edward R. Grauch

Chuck E. Higgins

Damon F. Hurlburt

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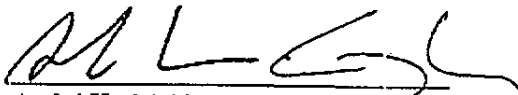
"LIVE WIRE"

Live Wire Communications, Inc.

By: _____
Name: _____
Title: _____

"KUDELSKI"

Kudelski S.A.

By: 
Name: André Kudelski Charles Egli
Title: CEO COO

"SUB"

Kudelski Acquisition Corp.

By: _____
Name: _____
Title: _____

"SHAREHOLDERS"

Melvin Paulick

Edward R. Grauch

Chuck E. Higgins

Damon F. Hurlburt

IN WITNESS WHEREOF, Kudelski, Sub and Live Wire have caused this Agreement to be signed and delivered by their respective duly authorized officers, and the Shareholders have signed and delivered this Agreement, as of the date first written above.

"LIVE WIRE"

Live Wire Communications, Inc.

By: _____
Name: _____
Title: _____

"KUDELSKI"

Kudelski S.A.

By: _____
Name: _____
Title: _____

"SUB"

Kudelski Acquisition Corp.

By: _____
Name: _____
Title: _____

"SHAREHOLDERS"

Melvin Paulick

Edward R. Grauch

Chuck E. Higgins

Damon F. Hurlburt

State of Delaware
Office of the Secretary of State

PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT THE SAID "KUDELSKI ACQUISITION CORP.", FILED A CERTIFICATE OF MERGER, CHANGING ITS NAME TO "LIVE WIRE COMMUNICATIONS, INC.", THE SIXTH DAY OF APRIL, A.D. 2001, AT 9 O'CLOCK A.M.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

3373855 8320

AUTHENTICATION: 1071263

010173043

DATE: 04-09-01