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

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________ to __________& #160;__________

Commission File Number: 0-11676

BEL FUSE INC.
(Exact name of registrant as specified in its charter)

NEW JERSEY	22-1463699
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

206 Van Vorst Street	Jersey City, New Jersey	07302
(Address of principal executive offices)		(Zip Code)

(201) 432-0463
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: Class A Common Stock, $0.10 par value; Class B Common Stock, $0.10 par value

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes x No

Indicate by checkmark if the registrant is not required to file reports to Section 13 or 15(d) of the Act. ☐ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☐ Yes ☐ No Not applicable to the registrant.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer x	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).☐ Yes x No

The aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates (for this purpose, persons and entities other than executive officers and directors) of the registrant, as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2009) was $164.7 million.

Number of shares of Common Stock outstanding as of March 10, 2010: 2,174,912 Class A Common Stock; 9,464,343 Class B Common Stock

Documents incorporated by reference:

Bel Fuse Inc.'s Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders is incorporated by reference into Part III.

BEL FUSE INC.

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FORWARD LOOKING INFORMATION

The Company’s quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability, including the risk factors described in Item 1A of the Company's Annual Report on Form 10-K. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, financial condition, operating results, and stock prices. Furthermore, this document and other documents filed by the Company with the Securities and Exchange Commission (the “SEC”) contain certain forward-looking statements under the Private Securities Litigation Reform Act of 1995 (“Forward-Looking Statements”) with respect to the business of the Company. These Forward-Looking Statements are subject to certain risks and uncertainties, including those mentioned above, and those detailed in Item 1A of this Annual Report on Form 10-K, which could cause actual results to differ materially from these Forward-Looking Statements. The Company undertakes no obligation to publicly release the results of any revisions to these Forward-Looking Statements which may be necessary to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. An investment in the Company involves various risks, including those mentioned above and those which are detailed from time to time in the Company’s SEC filings.

PART I

Item 1. Business

General

Bel Fuse Inc. ("Bel" or the "Company") is a leading producer of electronic products that help make global connectivity a reality. The Company is primarily engaged in the design, manufacture and sale of products used in networking, telecommunications, high speed data transmission and consumer electronics. Products include magnetics (discrete components, power transformers and MagJack® integrated connectors), modules (power conversion and integrated modules), circuit protection (miniature, micro and surface mount fuses) and interconnect devices (passive jacks, plugs and cable assemblies). While these products are deployed primarily in the computer, networking and telecommunication industries, Bel’s portfolio of products also finds application in the automotive, medical and consumer electronics markets. These products are designed to protect, regulate, connect, isolate or manage a variety of electronic circuits.

With over 60 years in the electronics industry, Bel has reliably demonstrated the ability to succeed in a variety of product areas across multiple industries. The Company has a strong track record of technical innovation working with the engineering communities of market leaders. Bel has consistently proven itself a valuable supplier to the foremost companies in its chosen industries by developing cost-effective solutions for the challenges of new product development. By combining our strength in product design with our own specially-designed manufacturing facilities, Bel has established itself as a formidable competitor on a global basis.

The Company, which is organized under New Jersey law, operates in one industry with three reportable operating segments, which are geographic in nature. Bel’s principal executive offices are located at 206 Van Vorst Street, Jersey City, New Jersey 07302; (201) 432-0463. The Company operates other facilities in North America, Europe and Asia and trades on the NASDAQ Global Select Market (BELFA and BELFB). For information regarding Bel's three geographic operating segments, see Note 11 of the notes to consolidated financial statements.

The terms “Company” and “Bel” as used in this Annual Report on Form 10-K refer to Bel Fuse Inc. and its consolidated subsidiaries unless otherwise specified.

Product Groups

The Company has set forth below a description of its product groups as of December 31, 2009. For information regarding an acquisition (Cinch Connectors) made by the Company subsequent to December 31, 2009, see “—Acquisitions” below.

Magnetics

- MagJack® integrated connector modules
- Diplexer and triplexer filters
- Power transformers
- Discrete components

The Company produces MagJack® integrated connector modules. These devices integrate RJ45 and/or USB connectors with discrete magnetic components to provide a more robust part that allows customers to substantially reduce board space and inventory requirements. MagJack® provides the signal conditioning, electromagnetic interference suppression and signal isolation for networking, telecommunications, and broadband applications. These connectors are designed for network speeds from 10/100Base-T to 10GBase-T and include options for Power over Ethernet (PoE) capability.

Bel’s diplexer and triplexer filters are used in high speed, home networking applications that utilize excess bandwidth available on existing coax cabling. Developed in compliance with the Multimedia over Coax Alliance (MoCA), the Company’s diplexers and triplexers help distribute high bandwidth video throughout the home by supporting the high speed, high quality, encrypted transmission required for DVD-quality video and triple play (data/voice/video) applications.

Power transformer products include standard and custom designs produced by the Company’s Signal Transformer division. Manufactured for use in alarm, security, motion control, elevator, medical products and many other industries, Signal’s designs are available in PC mount, chasses mount, surface mount and toroidal footprints. These devices are designed to comply with the international safety standards governing transformers including UL, CSA, IEC, TUV, and VDE.

Discrete magnetic components comprise Bel’s legacy product group, which includes transformers and chokes for use in networking, telecommunications and broadband applications. These magnetic devices condition, filter and isolate the signal as it travels through network equipment, helping to ensure accurate data/voice/video transmission.

Modules

- Power conversion modules
- Integrated modules

Bel’s Power conversion products include standard and custom isolated and non-isolated DC-DC converters designed specifically to power low voltage silicon devices. The need for converting one DC voltage to another is growing rapidly as developers of integrated circuits commonly adjust the supply voltage as a means of optimizing device performance. The DC-DC converters are used in data networking equipment, distributed power architecture, and telecommunication devices, as well as computers and peripherals.

The Company has expanded its line of modules designed to support data transmission over existing power lines including next generation HomePlug® AV powerline applications. Typically deployed in home-based communication/entertainment devices such as Set Top Boxes (STBs), DSL modems, home theaters, HDTVs motherboards, and IPTV equipment, Bel’s modules incorporate the silicon required to enable powerline functionality, supporting a lower cost of ownership within a reduced footprint. Bel’s powerline modules are also being integrated in smart meters and appliances to support emerging Smart Grid technology developments.

The Company continues to pursue market opportunities where it can supply customized, value-added modules that capitalize on the Company’s manufacturing capabilities in surface mount assembly, automatic winding, hybrid fabrication, and component encapsulation.

Circuit Protection

- Miniature fuses
- Surface mount PTC devices and fuses
- Radial PTC devices and micro fuses

The Company's circuit protection products include board level fuses (miniature, micro and surface mount), and Polymeric PTC (Positive Temperature Coefficient) devices, designed for the global electronic and telecommunication markets. Fuses and PTC devices prevent currents in an electrical circuit from exceeding certain predetermined levels, acting as a safety valve to protect expensive components from damage by cutting off high currents before they can generate enough heat to cause smoke or fire. Additionally, PTC devices are resettable and do not have to be replaced before normal operation of the end product can resume.

While the Company continues to manufacture traditional fuse types, its surface mount chip fuses are used in space-critical applications such as mobile phones and computers. Like all of Bel's fuse products, the chip fuses comply with RoHS6 standards for the elimination of lead and other hazardous materials.

The Company's circuit protection devices are used extensively in products such as televisions, consumer electronics, power supplies, computers, telephones, and networking equipment.

Interconnect

- Passive jacks
- Plugs
- Cable assemblies

The Company has a comprehensive line of modular connectors including RJ45 and RJ11 passive jacks, plugs, and cable assemblies. Passive jacks serve primarily as the connectivity device in networking equipment such as routers, hubs, switches, and patch panels. Modular plugs and cable assemblies are utilized within the structured cabling system, often referred to as premise wiring. The Company’s connector products are designed to meet all major performance standards for Category 5e, 6, 6a, and Category 7a compliant devices used within Gigabit Ethernet and 10Gigabit Ethernet networks.

The following table describes, for each of Bel's product groups, the principal functions and applications associated with such product groups.

Product Group	Function	Applications
Magnetics		
MagJack® Integrated Connectors	Condition, filter, and isolate the electronic signal to ensure accurate data/voice/video transmission and provide RJ45 and USB connectivity.	Network switches, routers, hubs, and PCs used in 10/100/1000 Gigabit Ethernet, Power over Ethernet (PoE), PoE Plus, home networking, and cable modem applications.
Diplexer and Triplexer Filters	Condition, filter, and isolate the electronic signal to ensure accurate data/voice/video transmission with maximum throughput.	Home networking, set top box, and cable modem applications including high bandwidth video transmission and triple play applications.
Power Transformers	Safety isolation and distribution.	Power supplies, alarm, fire detection, and security systems, HVAC, lighting and medical equipment. Class 2, three phase, chassis mount, and PC mount designs available.
Discrete Components	Condition, filter, and isolate the electronic signal to ensure accurate data/voice/video transmission.	Network switches, routers, hubs, and PCs used in 10/100/1000 Gigabit Ethernet and Power over Ethernet (PoE).
Modules		
Power Conversion Modules (DC-DC Converters)	Convert DC voltage level to other DC level as required to meet the power needs of low voltage silicon devices.	Networking equipment, distributed power architecture, telecom devices, computers, and peripherals.
Integrated Modules	Condition, filter, and isolate the electronic signal to ensure accurate data/voice/video transmission within a highly integrated, reduced footprint.	Broadband, home networking, set top boxes, HDTV, and telecom equipment supporting ISDN, T1/E1 and DSL technologies. Also integrated in smart meters and appliances in support of developing Smart Grid technology.
Circuit Protection		
Miniature Fuses	Protects devices by preventing current in an electrical circuit from exceeding acceptable levels.	Power supplies, electronic ballasts, and consumer electronics.
Surface mount PTC devices and fuses	Protects devices by preventing current in an electrical circuit from exceeding acceptable levels. PTC devices can be reset to resume functionality.	Cell phone chargers, consumer electronics, power supplies, and set top boxes.
Radial PTC devices and micro fuses	Protects devices by preventing current in an electrical circuit from exceeding acceptable levels. PTC devices can be reset to resume functionality.	Cell phones, mobile computers, IC and battery protection, power supplies, and telecom line cards.
Interconnect		
Passive Jacks	RJ45 and RJ11 connectivity for data/voice/video transmission.	Network routers, hubs, switches, and patch panels deployed in Category 5e, 6, 6a, and 7a cable systems.
Plugs	RJ45 and RJ11 connectivity for data/voice/video transmission.	Network routers, hubs, switches, and patch panels deployed in Category 5e, 6, 6a, and 7a cable systems.
Cable Assemblies	RJ45 and RJ11 connectivity for data/voice/video transmission.	Structured Category 5e, 6, 6a, and 7a cable systems (premise wiring).

Acquisitions

Acquisitions have played a critical role in the growth of Bel and the expansion of both its product portfolio and its customer base. Furthermore, acquisitions continue to be a key element in the Company’s growth strategy. As part of the Company’s acquisition strategy, it may, from time to time, purchase equity positions in companies that are potential merger candidates. The Company frequently evaluates possible merger candidates that would provide an expanded product and technology base that will allow the Company to further penetrate its strategic customers and/or an opportunity to reduce overall operating expense as a percentage of revenue. Bel also looks at whether the merger candidates are positioned to take advantage of the Company's low cost manufacturing facilities; and whether a cultural fit will allow the acquired company to be integrated smoothly and efficiently.

On January 29, 2010, the Company completed the acquisition of Cinch Connectors (“Cinch”) from Safran S.A. for approximately $37.5 million in cash plus approximately $1.5 million for the assumption of certain expenses. The final purchase price remains subject to certain adjustments related to working capital. The transaction was funded with cash on hand. Cinch is headquartered in Lombard, Illinois and has manufacturing facilities in Vinita, Oklahoma; Reynosa, Mexico; and Worksop, England.

Cinch manufactures a broad range of interconnect products for customers in the military and aerospace, high-performance computing, telecom/datacom, and transportation markets. The Company believes that the addition of Cinch’s well-established lines of connector and cable products and extensive customer base will provide Bel with immediate access to the large and growing aerospace and military markets and will strengthen Bel’s position as a one-stop supplier of high-performance computing, telecom and data products. In addition to these strategic synergies, there is a significant opportunity for expense reduction and the elimination of redundancies. The combination of these factors and Bel’s ability to leverage its existing product line have given rise to the provisional amount of goodwill detailed below.

While the initial accounting related to this business combination is not complete as of the filing date of this Form 10-K, the following table depicts the Company's estimated acquisition date fair values of the consideration transferred and identifiable net assets acquired (in thousands):

Consideration		
Cash	$	39,755
Assumption of change-in-control payments		747
Fair value of total consideration transferred	$	40,502
Acquisition-related costs (included in selling, general and administrative expense for the year ended December 31, 2009)	$	605
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash	$	660
Accounts receivable		6,910
Inventory		7,548
Other current assets		803
Property, plant and equipment		9,345(a)
Intangible assets		2,528(b)
Other assets		192
Accounts payable		(2,923)
Accrued expenses and other current liabilities		(2,932)
Total identifiable net assets	$	22,131
Goodwill	$	18,371(c)

(a) As of the filing date, the appraisal related to the building acquired was received and the fair value of the building is included in this amount; however, the appraisals related to machinery and equipment acquired were incomplete as of the filing date and as such, this amount only includes the carrying value of those assets.

(b) The Company has identified various intangible assets, including customer lists, license agreements, non-compete agreements, in-process research and development, and other intellectual property, that are being valued by a third-party appraiser. These appraisals were not complete as of the date of this filing, and the amounts noted above only represent the carrying value of the intangible assets on Cinch's balance sheet as of the acquisition date.

(c) The amount of goodwill is provisional as of the filing date, as appraisals related to property, plant and equipment, and various intangible assets are still underway. As the final amount of goodwill has not yet been determined or allocated by country, the Company is unable to determine at this time the portion of goodwill, if any, that will be deductible for tax purposes.

On July 1, 2009, the Company acquired all of the outstanding shares of Winsonko (Guangxi Pingguo) Electron Co., Ltd. for $0.5 million in cash, including an immaterial amount of transaction costs. The company was renamed Bel Pingguo Ltd. ("Bel Pingguo").

Sales and Marketing

The Company sells its products to customers throughout North America, Europe and Asia. Sales are made through one of three channels: direct strategic account managers, regional sales managers working with independent sales representative organizations or authorized distributors. Bel's strategic account managers are assigned to handle major accounts requiring global coordination.

Independent sales representatives and authorized distributors are overseen by the Company's sales management personnel located throughout the world. As of December 31, 2009, the Company had a sales and support staff of 57 persons that supported a network of 68 sales representative organizations and non-exclusive distributors. The Company has written agreements with all of its sales representative organizations and major distributors. These written agreements, terminable on short notice by either party, are standard in the industry.

Sales support functions have also been established and located in Bel international facilities to provide timely, efficient support for customers. This supplemental level of service, in addition to first-line sales support, enables the Company to be more responsive to customers' needs on a global level. The Company's marketing capabilities include product management which drives new product development, application engineering for technical support and marketing communications. Product marketing managers facilitate technical partnerships for engineering development of IC-compatible components and modules.

Research and Development

The Company's engineering groups are strategically located around the world to facilitate communication with and access to customers' engineering personnel. This collaborative approach enables partnerships with customers for technical development efforts. On occasion, Bel executes non-disclosure agreements with customers to help develop proprietary, next generation products destined for rapid deployment.

The Company also sponsors membership in technical organizations that allow Bel's engineers to participate in developing standards for emerging technologies. It is management's opinion that this participation is critical in establishing credibility and a reputable level of expertise in the marketplace, as well as positioning the Company as an industry leader in new product development.

Research and development costs are expensed as incurred, and are included in cost of sales. Generally, research and development is performed internally for the benefit of the Company. Research and development costs include salaries, building maintenance and utilities, rents, materials, administration costs and miscellaneous other items. Research and development expenses for the years ended December 31, 2009, 2008 and 2007 amounted to $7.8 million, $7.4 million and $7.2 million, respectively.

Competition

The Company operates in a variety of markets, all of which are highly competitive. There are numerous independent companies and divisions of major companies that manufacture products that are competitive with one or more of Bel's products.

The Company's ability to compete is dependent upon several factors including product performance, quality, reliability, depth of product line, customer service, technological innovation, design, delivery time and price. Overall financial stability and global presence also play a role and give Bel a favorable position in relation to many of its competitors. Management intends to maintain a strong competitive posture in the Company's markets by continued expansion of the Company’s product lines and ongoing investment in research, development and manufacturing resources.

Associates

As of December 31, 2009, the Company had 2,674 full-time associates. The Company employed 457 people at its North American facilities, 2,152 people at its Asian facilities and 65 people at its European facilities, excluding workers supplied by independent contractors. The Company's manufacturing facility in New York is represented by a labor union and all factory workers in the People’s Republic of China (PRC) are represented by unions. At December 31, 2009, 28 of our workers in the New York facility were previously covered by a collective bargaining agreement which expired on September 30, 2009. These associates have continued to work and contract negotiations are currently underway. The Company believes that its relations with its associates are satisfactory.

Suppliers

The Company has multiple suppliers for most of the raw materials that it purchases. Where possible, the Company has contractual agreements with suppliers to assure a continuing supply of critical components.

With respect to those items which are purchased from single sources, the Company believes that comparable items would be available in the event that there was a termination of the Company's existing business relationships with any such supplier. While such a termination could produce a disruption in production, the Company believes that the termination of business with any one of its suppliers would not have a material adverse effect on its long-term operations. Actual experience could differ materially from this belief as a result of a number of factors, including the time required to locate an alternative supplier, and the nature of the demand for the Company’s products. In the past, the Company has experienced shortages in certain raw materials, such as capacitors, ferrites and integrated circuits (“IC’s”), when these materials were in great demand. Even though the Company may have more than one supplier for certain materials, it is possible that these materials may not be available to the Company in sufficient quantities or at the times desired by the Company. In the event that the current economic conditions have a negative impact on the financial condition of our suppliers, this may impact the availability and cost of our raw materials.

Backlog

The Company typically manufactures products against firm orders and projected usage by customers. Cancellation and return arrangements are either negotiated by the Company on a transactional basis or contractually determined. The Company's estimated value of the backlog of orders as of February 28, 2010 was approximately $125.6 million, including $19.9 million related to the Cinch acquisition, as compared with a backlog of $35.5 million as of February 28, 2009. Management expects that all of the Company's backlog as of February 28, 2010 will be shipped by December 31, 2010. Such expectation constitutes a Forward-Looking Statement. Factors that could cause the Company to fail to ship all such orders by year-end include unanticipated supply difficulties, changes in customer demand and new customer designs. Due to these factors, backlog may not be a reliable indicator of the timing of future sales. See Item 1A of this Annual Report- "Risk Factors - Our backlog figures may not be reliable indicators."

Intellectual Property

The Company has been granted a number of patents in the U.S., Europe and Asia and has additional patent applications pending relating to its products. While the Company believes that the issued patents are defendable and that the pending patent applications relate to patentable inventions, there can be no assurance that a patent will be obtained from the applications or that its existing patents can be successfully defended. It is management's opinion that the successful continuation and operation of the Company's business does not depend upon the ownership of patents or the granting of pending patent applications, but upon the innovative skills, technical competence and marketing and managerial abilities of its personnel. The patents have a life of seventeen years from the date of issue or twenty years from filing of patent applications. The Company's existing patents expire on various dates from August 10, 2010 to May 15, 2027.

The Company utilizes registered trademarks in the U.S., Europe and Asia to identify various products that it manufactures. The trademarks survive as long as they are in use and the registrations of these trademarks are renewed.

Available Information

The Company maintains a website at www.belfuse.com where it makes available the proxy statements, press releases and reports on Form 4, 8-K, 10-K and 10-Q that it and its insiders file with the SEC. These forms are made available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Press releases are also issued via electronic transmission to provide access to the Company’s financial and product news. In addition, the Company provides notification of and access to voice and Internet broadcasts of its quarterly and annual results. The Company’s website also includes investor presentations and corporate governance materials.

Item 1A. Risk Factors

An investment in our common stock involves a high degree of risk. Investors should carefully consider the risks described below, together with all other information contained in this Annual Report before making investment decisions with respect to our common stock. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business in the future.

We do business in a highly competitive industry

Our business is highly competitive worldwide, with relatively low barriers to competitive entry. We compete principally on the basis of product performance, quality, reliability, depth of product line, customer service, technological innovation, design, delivery time and price. The electronic components industry has become increasingly concentrated and globalized in recent years and our major competitors, some of which are larger than us, have significant financial resources and technological capabilities.

Our backlog figures may not be reliable indicators.

Many of the orders that comprise our backlog may be delayed, accelerated or canceled by customers without penalty. Customers may on occasion double order from multiple sources to ensure timely delivery when backlog is particularly long. Customers often cancel orders when business is weak and inventories are excessive. Therefore, we cannot be certain that the amount of our backlog equals or exceeds the level of orders that will ultimately be delivered. Our results of operations could be adversely impacted if customers cancel a material portion of orders in our backlog.

There are several factors which can cause us to lower our prices.

a) The average selling prices for our products tend to decrease rapidly over their life cycle, and customers are increasingly putting pressure on suppliers to lower prices. Our profits suffer if we are not able to reduce our costs of production, induce technological innovations as sales prices decline, or pass through cost increases to customers.

b) Any drop in demand or increase in supply of our products could cause a dramatic drop in our average sales prices which in turn could result in a decrease in our gross margins. In addition, a shift in product mix could have a favorable or unfavorable impact on our gross margins, depending upon the underlying raw material content and labor requirements of the associated products.

c) Increased competition from low cost suppliers around the world has put further pressures on pricing. We continually strive to lower our costs, negotiate better pricing for components and raw materials and improve our operating efficiencies. Profit margins will be materially and adversely impacted if we are not able to reduce our costs of production or introduce technological innovations as sales prices decline.

The global financial crisis has caused customer demand for our product to be highly volatile during 2009, which has materially adversely impacted Bel as we are continually challenged to bring workforce and leadtimes in line with customer demand.

The global financial crisis materially adversely impacted Bel's financial results during 2009. Bel experienced a severe reduction in customer demand beginning in the fourth quarter of 2008 and the reduced demand continued through mid 2009. Bel implemented a significant reduction in workforce as we brought production levels in line with customer demand. In the fourth quarter of 2009, customer demand for our products increased in excess of our ability and that of our wire wound component suppliers to hire manufacturing labor and our ability to source enough components and raw materials to meet their increased demand. The ongoing shortage of labor, raw materials and components in the PRC will continue to have an adverse effect on our business and financial condition to an extent that we currently cannot predict.

We are dependent on our ability to develop new products.

Our future operating results are dependent, in part, on our ability to develop, produce and market new and more technologically advanced products. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to timely develop and bring to market new products and applications to meet customers' changing needs.

Our acquisitions may not produce the anticipated results.

A significant portion of our growth is from acquisitions. We cannot assure you that we will identify or successfully complete transactions with suitable acquisition candidates in the future. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our other businesses, our results of operations, enterprise value, market value and prospects could all be materially and adversely affected. Integration of new acquisitions into our consolidated operations may result in lower average operating results for the group as a whole, and may divert management's focus from the ongoing operations of the Company during the integration period.

If our acquisitions fail to perform up to our expectations, or if the value of goodwill decreases as a result of weakened economic conditions, we could be required to record a loss from the impairment of assets. The Company recorded charges of $12.9 million and $14.1 million related to the impairment of goodwill during the years ended December 31, 2009 and 2008, respectively. In addition, a total of $0.7 million of fixed asset impairments was recorded during the fourth quarter of 2008.

Our strategy also focuses on the reduction of selling, general and administrative expenses through the integration or elimination of redundant sales facilities and administrative functions at acquired companies. On January 29, 2010, the Company acquired Cinch as previously described in the Acquisitions section of this Form 10-K. Our inability to achieve our expectations with respect to the Cinch acquisition or future acquisitions could have a material and adverse effect on our results of operations.

If we were to undertake a substantial acquisition for cash, the acquisition would either be funded with cash on hand or financed in part through bank borrowings or the issuance of public or private debt or equity. The acquisition of Cinch was funded with cash on hand. If we borrow money to finance future acquisitions, this would likely decrease our ratio of earnings to fixed charges and adversely affect other leverage criteria and could result in the imposition of material restrictive covenants. Under our existing credit facility, we are required to obtain our lenders' consent for certain additional debt financing and to comply with other covenants, including the application of specific financial ratios, and we may be restricted from paying cash dividends on our capital stock. We cannot assure you that the necessary acquisition financing would be available to us on acceptable terms, or at all, when required. If we issue a substantial amount of stock either as consideration in an acquisition or to finance an acquisition, such issuance may dilute existing stockholders and may take the form of capital stock having preferences over our existing common stock.

We are exposed to weaknesses in international markets and other risks inherent in foreign trade.

We have operations in six countries around the world outside the United States, and approximately 79% of our revenues during 2009 were derived from sales to customers outside the United States. Some of the countries in which we operate have in the past experienced and may continue to experience political, economic, and military instability or unrest, medical epidemic and natural disasters. These conditions could have a material and adverse impact on our ability to operate in these regions and, depending on the extent and severity of these conditions, could materially and adversely affect our overall financial condition and operating results.

Although our operations have traditionally been largely transacted in U.S. dollars or U.S. dollar linked currencies, recent world financial instability may cause additional foreign currency risks in the countries in which we operate. The decoupling of the Chinese Renminbi from the U.S. dollar has and will continue to increase financial risk. In addition, with the acquisition of Cinch, the Company will have additional exposure to foreign currency risks associated with the Mexican Peso as there is now a large labor force in Mexico.

Other risks inherent in doing trade internationally include: expropriation and nationalization, trade restrictions, transportation delays, and changes in United States laws that may inhibit or restrict our ability to manufacture in or sell to any particular country. For information regarding risks associated with our presence in Hong Kong, see "Item 2 - Properties" of this Annual Report on Form 10-K.

While we have benefited from favorable tax treatment in many of the countries where we operate, the benefits we currently enjoy could change if laws or rules in the United States or those foreign jurisdictions change, incentives are changed or revoked, or we are unable to renew current incentives.

We may experience labor unrest.

As we implement transfers of certain of our operations, we may experience strikes or other types of labor unrest as a result of lay-offs or termination of employees in higher labor cost countries. Our manufacturing facility in New York is represented by a labor union and all factory workers in the PRC are represented by unions. In addition, factory workers located in the United Kingdom and Mexico brought over with the Cinch acquisition are represented by labor unions.

We may experience labor shortages.

Government economic, social and labor policies in the PRC may cause shortages of factory labor in areas where we have our products manufactured. If we are required to manufacture more products outside of the PRC as a result of such shortages, our margins will likely be materially adversely affected.

Our results of operations may be materially and adversely impacted by environmental and other regulations.

Our manufacturing operations, products and/or product packaging are subject to environmental laws and regulations governing air emissions; wastewater discharges; the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in our manufacturing processes; employee health and safety labeling or other notifications with respect to the content or other aspects of our processes, products or packaging; restrictions on the use of certain materials in or on design aspects of our products or product packaging; and, responsibility for disposal of products or product packaging. More stringent environmental regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any such future regulations might require, or the cost of compliance with these regulations.

We may face risks relating to climate change that could have an adverse impact on our business.

Greenhouse gas (“GHG”) emissions have increasingly become the subject of substantial international, national, regional, state and local attention. GHG emission regulations have been promulgated in certain of the jurisdictions in which we operate, and additional GHG requirements are in various stages of development. Such measures could require us to modify existing or obtain new permits, implement additional pollution control technology, curtail operations or increase our operating costs. Any additional regulation of GHG emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business.

Our results may vary substantially from period to period.

Our revenues and expenses may vary significantly from one accounting period to another accounting period due to a variety of factors, including customers' buying decisions, our product mix, the volatility of raw material costs and general market and economic conditions. Such variations could significantly impact our stock price.

A shortage of availability or an increase in the cost of raw materials and components may adversely impact our ability to procure high quality raw materials at cost effective prices and thus may negatively impact profit margins.

Our results of operations may be adversely impacted by difficulties in obtaining raw materials, supplies, power, labor, natural resources and any other items needed for the production of our products, as well as by the effects of quality deviations in raw materials and the effects of significant fluctuations in the prices of existing inventories and purchase commitments for these materials. Many of these materials and components are produced by a limited number of suppliers and may be constrained by supplier capacity.

As product life cycles shorten and during periods of market slowdowns, the risk of materials obsolescence increases and this may materially and adversely impact our financial results.

Rapid shifts in demand for various products may cause some of our inventory of raw materials, components or finished goods to become obsolete.

The life cycles and demand for our products are directly linked to the life cycles and demand for the end products into which they are designed. Rapid shifts in the life cycles or demand for these end products due to technological shifts, economic conditions or other market trends may result in material amounts of inventory of either raw materials or finished goods becoming obsolete. While the Company works diligently to manage inventory levels, rapid shifts in demand may result in obsolete or excess inventory and materially impact financial results.

A loss of the services of the Company's executive officers or other skilled associates could negatively impact our operations and results.

The success of the Company's operations is largely dependent upon the performance of its executive officers, managers, engineers and sales people. Many of these individuals have a significant number of years of experience within the Company and/or the industry in which we compete and would be extremely difficult to replace. The loss of the services of any of these associates may materially and adversely impact our results of operations if we are unable to replace them in a timely manner.

Our stock price, like that of many technology companies, has been and may continue to be volatile.

The market price of our common stock may fluctuate as a result of variations in our quarterly operating results and other factors beyond our control. These fluctuations may be exaggerated if the trading volume of our common stock is low. In addition, the market price of our common stock may rise and fall in response to a variety of factors, including:

- announcements of technological or competitive developments;
- general market or economic conditions;
- acquisitions or strategic alliances by us or our competitors;
- the gain or loss of a significant customer or order; or
- changes in estimates of our financial performance or changes in recommendations by securities analysts regarding us or our industry

In addition, equity securities of many technology companies have experienced significant price and volume fluctuations even in periods when the capital markets generally are not distressed. These price and volume fluctuations often have been unrelated to the operating performance of the affected companies.

Our intellectual property rights may not be adequately protected under the current state of the law.

We cannot assure you we will be successful in protecting our intellectual property through patent or other laws. As a result, other companies may be able to develop and market similar products which could materially and adversely affect our business.

We may be sued by third parties for alleged infringement of their proprietary rights and we may incur defense costs and possibly royalty obligations or lose the right to use technology important to our business.

From time to time, we receive claims by third parties asserting that our products violate their intellectual property rights. Any intellectual property claims, with or without merit, could be time consuming and expensive to litigate or settle and could divert management attention from administering our business. A third party asserting infringement claims against us or our customers with respect to our current or future products may materially and adversely affect us by, for example, causing us to enter into costly royalty arrangements or forcing us to incur settlement or litigation costs. In connection with a patent infringement lawsuit discussed in Item 3. Legal Proceedings, the Company paid a lump sum licensing fee of $2.1 million during 2009 in exchange for a licensing agreement covering past and future sales of the Company's MagJack® integrated connector products.

Our investments in marketable securities could have a negative impact on our profitability.

As part of our acquisition strategies, we may from time to time acquire equity positions in companies that could be attractive acquisition candidates or could otherwise be potential co-venturers in potential business transactions with us. While the Company does not have a material amount of marketable securities at December 31, 2009, market declines occurring subsequent to any future investments could have a negative impact on our profitability.

As a result of protective provisions in the Company’s certificate of incorporation, the voting power of certain officers, directors and principal shareholders may be increased at future meetings of the Company’s shareholders.

The Company's certificate of incorporation provides that if a shareholder, other than shareholders subject to specific exceptions, acquires (after the date of the Company’s 1998 recapitalization) 10% or more of the outstanding Class A common stock and does not own an equal or greater percentage of all then outstanding shares of both Class A and Class B common stock (all of which common stock must have been acquired after the date of the 1998 recapitalization), such shareholder must, within 90 days of the trigger date, purchase Class B common shares, in an amount and at a price determined in accordance with a formula described in the Company's certificate of incorporation, or forfeit its right to vote its Class A common shares. As of February 28, 2010, to the Company’s knowledge, there were two shareholders of the Company's common stock with ownership in excess of 10% of Class A outstanding shares with no ownership of the Company's Class B common stock and with no basis for exception from the operation of the above-mentioned provisions. In order to vote their respective shares at Bel's next shareholders' meeting, these shareholders must either purchase the required number of Class B common shares or sell or otherwise transfer Class A common shares until their Class A holdings are under 10%. As of February 28, 2010, to the Company's knowledge, these shareholders owned 20.1% and 17.1%, respectively, of the Company's Class A common stock and had not taken steps to either purchase the required number of Class B common shares or sell or otherwise transfer Class A common shares until their Class A holdings fall below 10%. Unless and until this situation is satisfied in a manner permitted by the Company’s Restated Certificate of Incorporation, the subject shareholders will not be permitted to vote their shares of Common Stock.

To the extent that the voting rights of particular holders of Class A common stock are suspended as of times when the Company's shareholders vote due to the above-mentioned provisions, such suspension will have the effect of increasing the voting power of those holders of Class A common shares whose voting rights are not suspended. As of February 28, 2010, Daniel Bernstein, the Company's chief executive officer, beneficially owned 93,555 Class A common shares (or 6.8%) of the outstanding Class A common shares whose voting rights were not suspended, the Estate of Elliot Bernstein beneficially owned 140,000 Class A common shares (or 10.3%) of the outstanding Class A common shares whose voting rights were not suspended and all directors and executive officers as a group (including Daniel Bernstein) beneficially owned 243,779 Class A common shares (or 17.6%) of the outstanding Class A common shares whose voting rights were not suspended.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

The Company is headquartered in Jersey City, New Jersey, where it currently owns 19,000 square feet of office and warehouse space. During May 2007, the Company sold a parcel of land located in Jersey City, New Jersey for $6.0 million. In December 2007, the Tidelands Resource Council voted to approve the Bureau of Tideland Management’s recommendation for a Statement of No Interest. On March 14, 2008, the Commissioner of the Department of Environmental Protection signed a letter to approve the Statement of No Interest. As final approval of the Statement of No Interest was still pending as of December 31, 2008, the Company continued to defer the estimated gain on sale of the land, in the amount of $4.6 million. Of the $6.0 million sales price, the Company received cash of $1.5 million before closing costs, and $4.6 million (including interest) was being held in escrow pending final resolution of the State of New Jersey tideland claim and certain environmental costs. During 2007, the Company paid $0.4 million related to environmental costs, which approximated the maximum amount of environmental costs for which the Company is liable. During May 2008, the title company released $2.3 million of the escrow and, as such, $2.3 remained in escrow and had been classified as restricted cash as of December 31, 2008. In February 2009, the final approval of the Statement of No Interest was received from the State of New Jersey. In March 2009, the title company released the remaining escrow of $2.3 million and corresponding guarantees and the Company recognized the gain associated with the sale of this property in the amount of $4.6 million. In July 2009, the Company established a standby letter of credit for the State of New Jersey as a performance guarantee related to environmental cleanup associated with the Jersey City, New Jersey property sale. In connection with this agreement, the Company has a compensating balance of $0.3 million which has been classified as restricted cash as of December 31, 2009. This compensating balance will be reduced to less than $0.1 million upon its renewal in July 2010.

Additionally, the Company realized a $5.5 million pre-tax gain from the sale of property, plant and equipment in Hong Kong and Macao during the year ended December 31, 2007.

The Company operated 11 manufacturing facilities in 6 countries as of December 31, 2009. The following is a list of the locations of the Company's principal manufacturing facilities at December 31, 2009.

Location	Approximate Square Feet	Owned/ Leased	Percentage Used for Manufacturing
Dongguan, People's Republic of China	346,000	Leased	61%
Zhongshan, People's Republic of China	386,000	Leased	70%
Zhongshan, People's Republic of China	117,000	Owned	100%
Zhongshan, People's Republic of China	78,000	Owned	100%
Pingguo, People's Republic of China	122,000	Leased	84%
Hong Kong	43,000	Owned	7%
Louny, Czech Republic	11,000	Owned	75%
Dominican Republic	41,000	Leased	85%
Cananea, Mexico	39,000	Leased	60%
Inwood, New York	39,000	Owned	40%
Glen Rock, Pennsylvania	74,000	Owned	60%
	1,296,000		

Of the space described above, 122,000 square feet is used for engineering, warehousing, sales and administrative support functions at various locations and 265,000 square feet is used for dormitories, canteen and other employee related facilities in the PRC. Manufacturing operations at the Westborough, Massachusetts facility ceased at the end of 2008 and as a result, 14,430 square feet at this facility remains unoccupied as of December 31, 2009 and is excluded from the table above. Approximately 28% of the 1.4 million square feet the Company occupies is owned while the remainder is leased. See Note 15 of the notes to consolidated financial statements for additional information pertaining to leases.

With the acquisition of Cinch in January 2010, the Company acquired four additional facilities. The facility in Lombard, Illinois is used for administrative and research and development functions. The three remaining facilities are additions to the above table of Bel manufacturing facilities in 2010:

Location	Approximate Square Feet	Owned/ Leased	Percentage Used for Manufacturing
Vinita, Oklahoma	87,000	Owned	53%
Reynosa, Mexico	77,000	Leased	56%
Worksop, England (a)	52,000	Leased	28%
	216,000		

(a) Approximately 58% of the Worksop facility is designated for manfacturing use, but 30% is currently idle

The Territory of Hong Kong became a Special Administrative Region ("SAR") of the PRC during 1997. The territory of Macao became a SAR of the PRC at the end of 1999. Management cannot presently predict what future impact, if any, this will have on the Company or how the political climate in the PRC and the Dominican Republic will affect its contractual arrangements in the PRC or labor relationships in the Dominican Republic. A significant portion of the Company's manufacturing operations and approximately 43% of its identifiable assets are located in Asia.

Item 3. Legal Proceedings

The Company is a defendant in a lawsuit captioned Synqor, Inc. v. Artesyn Technologies, Inc., Astec America, Inc., Emerson Network Power, Inc., Emerson Electric Co., Bel Fuse Inc., Cherokee International Corp., Delta Electronics, Inc., Delta Products Corp., Murata Electronics North America, Inc., Murata Manufacturing Co., Ltd., Power-One, Inc., Tyco Electronics Corp. and Tyco Electronics Ltd. brought in the United States District Court, Eastern District of Texas in November 2007. With respect to the Company, plaintiff claims that the Company infringed its patents covering certain power products. Synqor is seeking an unspecified amount of damages. The Company filed an Answer to Synqor's complaint, denying the allegations of infringement and asserting invalidity of Synqor's patents.

The Company was a defendant in a lawsuit captioned Halo Electronics, Inc. ("Halo") v. Bel Fuse Inc., Pulse Engineering, Inc. and Technitrol, Inc. brought in Nevada Federal District Court. Plaintiff claimed that the Company had infringed its patents covering certain surface mount discrete magnetic products made by the Company. Halo was seeking unspecified damages, which it claims should be trebled. In December 2007, this case was dismissed by the Nevada Federal District Court for lack of personal jurisdiction. Halo then re-filed this suit, with similar claims against the Company, in the Northern California Federal District Court, captioned Halo Electronics, Inc. v. Bel Fuse Inc., Elec & Eltek (USA) Corporation, Wurth Electronics Midcom, Inc., and Xfmrs, Inc.

The Company is a plaintiff in a lawsuit captioned Bel Fuse Inc. v. Halo Electronics, Inc. brought in the United States District Court of New Jersey during June 2007. The Company claims that Halo has infringed a patent covering certain integrated connector modules made by Halo. The Company is seeking an unspecified amount of damages plus interest, costs and attorney fees.

The Company was a defendant in a lawsuit captioned Murata Manufacturing Company, Ltd. v. Bel Fuse Inc. et al., brought in Illinois Federal District Court. The plaintiff claimed that its patent covers all of the Company's MagJack® integrated connector products. The Company had expected this case to proceed to trial. In order to eliminate future legal fees related to this case, a settlement was negotiated with Murata in October 2009 whereby the Company paid a lump sum licensing fee of $2.1 million in exchange for a licensing agreement covering the past and future sales of the Company's MagJack® integrated connector products. As $2.0 million of this fee was deemed to relate to product sales from prior periods, the Company included this expense in cost of sales in the accompanying consolidated statements of operations for the year ended December 31, 2009. The Court issued an Order of Dismissal on November 4, 2009.

The Company cannot predict the outcome of its unresolved legal proceedings; however, management believes that the ultimate resolution of these matters will not have a material impact on the Company's consolidated financial condition or results of operations. As of December 31, 2009, no amounts have been accrued in connection with contingencies related to these lawsuits, as the amounts are not estimable.

The Company is not a party to any other legal proceeding, the adverse outcome of which is likely to have a material adverse effect on the Company's consolidated financial condition or results of operations.

Item 4. Not applicable.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information

The Company’s voting Class A Common Stock, par value $0.10 per share, and non-voting Class B Common Stock, par value $0.10 per share ("Class A" and "Class B," respectively), are traded on the NASDAQ Global Select Market. The following table sets forth the high and low sales price range (as reported by The Nasdaq Stock Market Inc.) for the Common Stock on NASDAQ for each quarter during the past two years.

	Class A High	Class A Low	Class B High	Class B Low
Year Ended December 31, 2009				
First Quarter	$ 18.19	$ 7.00	$ 21.94	$ 8.79
Second Quarter	15.33	10.80	17.75	12.44
Third Quarter	19.30	12.85	20.65	14.78
Fourth Quarter	20.70	16.80	22.11	17.23
Year Ended December 31, 2008				
First Quarter	$ 34.44	$ 24.73	$ 30.75	$ 24.61
Second Quarter	32.00	25.01	30.83	23.80
Third Quarter	31.09	25.07	31.50	21.86
Fourth Quarter	28.16	10.04	29.69	11.95

The Common Stock is reported under the symbols BELFA and BELFB in the NASDAQ Global Select Market. Effective September 1, 2010, the NASDAQ will be converting the format of all 5-character trading symbols. As such, the Company’s Common Stock will be reported under the symbols BELF.A and BELF.B after such date.

(b) Holders

As of February 28, 2010, there were 73 registered shareholders of the Company's Class A Common Stock and 193 registered shareholders of the Company’s Class B Common Stock. As of February 28, 2010, the Company estimates that there were 787 beneficial shareholders of the Company’s Class A Common Stock and approximately 1,950 beneficial shareholders of the Company’s Class B Common Stock. At February 28, 2010, to the Company’s knowledge, there were two shareholders of the Company’s Class A common stock whose voting rights were suspended. These two shareholders owned an aggregate of 37.2% of the Company’s outstanding shares of Class A common stock. See Item 1A – Risk Factors for additional discussion.

(c) Dividends

There are no contractual restrictions on the Company's ability to pay dividends provided the Company is not in default under its credit agreements immediately before such payment and after giving effect to such payment. Dividends paid during the years ended December 31, 2009 and 2008 were as follows:

	Dividend per Share		Total Dividend Payment (in 000's)	
	Class A	Class B	Class A	Class B
Year Ended December 31, 2009				
February 1, 2009	$ 0.06	$ 0.07	$ 130	$ 642
May 1, 2009	0.06	0.07	130	642
August 1, 2009	0.06	0.07	131	641
November 1, 2009	0.06	0.07	131	691
Year Ended December 31, 2008				
February 1, 2008	$ 0.06	$ 0.07	$ 153	$ 638
May 1, 2008	0.06	0.07	152	638
August 1, 2008	0.06	0.07	151	640
November 1, 2008	0.06	0.07	131	689

On February 1, 2010, the Company paid a $0.06 and $0.07 per share dividend to all shareholders of record at January 15, 2010 of Class A and Class B Common Stock, respectively, in the total amount of $0.1 million and $0.6 million, respectively. The Company currently anticipates paying dividends quarterly in the future.

(d) Issuer Purchases of Equity Securities

As of December 31, 2009, the Company had purchased and retired 527,817 Class A common shares at a cost of approximately $16.8 million and had purchased and retired 23,600 Class B common shares at a cost of approximately $0.8 million. A total of 6,070 shares of Class A common stock were repurchased during the year ended December 31, 2009 at a cost of $0.1 million. No shares of Class A common stock were repurchased during the fourth quarter of 2009. No shares of Class B common stock were repurchased during the year ended December 31, 2009.

Item 6. Selected Financial Data

	Years Ended December 31,				
	2009	2008	2007	2006	2005
	(In thousands of dollars, except per share data)				
Selected Statements of Operations Data:					
Net sales	$ 182,753	$ 258,350	$ 259,137	$ 254,933	$ 215,916
Cost of sales (f)	161,454	217,079	203,007	192,985	156,147
Selling, general and administrative expenses (g)	30,055	36,093	36,117	37,800	33,152
Impairment of assets (b) (d)	12,875	14,805	-	-	-
Restructuring charges (c)	413	1,122	-	-	-
Gain on sale of property, plant and equipment	(4,693)	-	(5,499)	-	-
Casualty loss (a)	-	-	-	1,030	-
Interest income and other, net	527	2,454	4,046	2,780	1,098
Gain (loss/impairment charge) on investments (e)	7,129	(10,358)	2,146	5,150	-
(Loss) earnings before provision for income taxes	(9,695)	(18,653)	31,704	31,048	27,715
Income tax (benefit) provision	(1,385)	(3,724)	5,368	5,845	7,482
Net (loss) earnings	(8,310)	(14,929)	26,336	25,203	20,233
(Loss) earnings per Class A common share - basic	(0.71)	(1.25)	2.11	2.03	1.67
(Loss) earnings per Class A common share - diluted	(0.71)	(1.25)	2.11	2.03	1.67
(Loss) earnings per Class B common share - basic	(0.72)	(1.28)	2.25	2.16	1.79
(Loss) earnings per Class B common share - diluted	(0.72)	(1.28)	2.24	2.15	1.77
Cash dividends declared per Class A common share	0.24	0.24	0.20	0.16	0.16
Cash dividends declared per Class B common share	0.28	0.28	0.24	0.20	0.20

	As of December 31,				
	2009	2008	2007	2006	2005
	(In thousands of dollars, except percentages)				
Selected Balance Sheet Data and Ratios:					
Working capital	$ 167,833	$ 163,985	$ 173,171	$ 144,677	$ 128,203
Total assets	245,946	261,784	293,860	268,497	242,056
Long term debt	-	-	-	-	-
Stockholders' equity	208,932	217,773	244,527	222,150	201,577
Return on average total assets (h)	-3.32%	-5.17%	9.34%	9.65%	8.83%
Return on average stockholders' equity (h)	-3.88%	-6.23%	11.30%	11.81%	10.75%

(a) During 2006, the Company incurred a loss of $1.0 million as a result of a fire at its leased manufacturing facility in the Dominican Republic. The loss was for raw materials and equipment in excess of estimated insurance proceeds. The production at this facility was substantially restored during 2006.

(b) During the third quarter of 2009, the Company conducted an interim valuation test related to the Company's goodwill by operating segment. As a result of the reduction in fair value of the Asia operating segment, the Company recorded charges of $12.9 million related to the impairment of goodwill of its Asia operating segment during 2009. During the fourth quarter of 2008, the Company conducted its annual valuation test related to the Company's goodwill by operating segment. As a result of the reduction in the fair value of the North America operating segment, the Company recorded charges of $14.1 million related to the impairment of goodwill of its North America operating segment during 2008.

(c) During 2008, the Company ceased its manufacturing operations in its Westborough, Massachusetts facility. In connection with this closure, the Company incurred severance costs during 2008 of $0.6 million and lease termination costs of $0.5 million. The Company incurred an additional $0.4 million of restructuring costs in 2009 related primarily to the facility lease obligation.

(d) During 2008, the Company incurred fixed asset impairments of $0.7 million related to assets located at the Westborough, Massachusetts facility which ceased operations as of December 31, 2008. This charge is included in Impairment of Assets in the Company's Statement of Operations for the year ended December 31, 2008.

(e) During 2009, the Company realized a net gain for financial reporting purposes of $7.1 million related to the sale of its investments in Toko, Inc. and Power-One, Inc and the final redemptions of its investment in the Columbia Strategic Cash Portfolio. During 2008, the Company recorded other-than-temporary impairment charges and realized losses of $10.4 million related to its investments in Toko, Inc., Power-One, Inc. and the Columbia Strategic Cash Portfolio. During 2007, the Company realized a gain from the sale of Toko, Inc. common stock in the amount of $2.5 million, offset by an other-than-temporary impairment charge of $0.3 million related to its investment in the Columbia Strategic Cash Portfolio. During 2006, the Company realized a gain principally from the sale of Artesyn common stock in the amount of $5.2 million.

(f) During 2009, the Company incurred a $2.0 million licensing fee in connection with the settlement of the Murata lawsuit, as further described in Item 3.

(g) During 2009, the Company incurred $0.6 million in acquisition costs related to the acquisitions of Bel Pingguo and Cinch Connectors.

(h) Returns on average total assets and stockholders' equity are computed for each year by dividing net (loss) income for such year by the average balances of total assets or stockholders' equity, as applicable, on the last day of each quarter during such year and on the last day of the immediately preceding year.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Company’s consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusion that such results, causes or trends will necessarily continue in the future.

Critical Accounting Policies

The Company’s discussion and analysis of its financial condition and results of operations are based upon the Company’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, investments, SERP expense, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions, including in some cases future projections, that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses from the inability of its customers to make required payments. The Company determines its reserves by both specific identification of customer accounts where appropriate and the application of historical loss experience to non-specific accounts. As of December 31, 2009 and 2008, the Company had an allowance for doubtful accounts of $0.6 million and $0.7 million, respectively. While historical loss experience is utilized in determining the Company’s allowance for doubtful accounts, the Company believes this factor may not by itself provide an accurate depiction of future losses, given the current economic conditions. If the financial condition of the Company's customers were to deteriorate, to the extent that their ability to make payments is impaired, additional allowances may be required.

Inventory

The Company makes purchasing and manufacturing decisions principally based upon firm sales orders from customers, projected customer requirements and the availability and pricing of raw materials. Future events that could adversely affect these decisions and result in significant charges to the Company’s operations include miscalculating customer requirements, technology changes which render certain raw materials and finished goods obsolete, loss of customers and/or cancellation of sales orders, stock rotation with distributors and termination of distribution agreements. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based on the aforementioned assumptions. During the fourth quarter of 2008, the Company recorded a $0.3 million inventory writedown related to the closure of the Westborough, Massachusetts facility. This charge is included in cost of sales in the accompanying statement of operations for the year ended December 31, 2008. As of December 31, 2009 and 2008, the Company had reserves for excess or obsolete inventory of $2.8 million and $4.1 million, respectively. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

When the value of inventory is written down, it is never written back up. When inventory that has been written down is subsequently used in the manufacturing process, the lower adjusted cost of the material is charged to cost of sales. Should any of this inventory be used in the manufacturing process for customer orders, the improved gross profit will be recognized at the time the completed product is shipped and the sale is recorded.

Goodwill and Intangible Assets

The assets and liabilities of acquired businesses are recorded under the purchase method of accounting at their estimated fair values at the dates of acquisition. Goodwill represents the amount of consideration transferred in excess of fair values assigned to the underlying net assets of acquired businesses.

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. Management reviews the carrying value of goodwill and other indefinite-lived intangible assets on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company tests goodwill for impairment, and has established December 31 as the annual impairment test date, using a fair value approach at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment for which discrete financial information is available and reviewed regularly by management. Assets and liabilities of the Company have been assigned to the reporting units to the extent they are employed in or are considered a liability related to the operations of the reporting unit and are considered in determining the fair value of the reporting unit. The Company has determined that its reportable operating segments are its reporting units.

The goodwill impairment test is a two-step process. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares implied fair value of the reporting unit's goodwill (i.e., fair value of the reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets) with the carrying amount of that goodwill. If the carrying value of goodwill exceeds its implied fair value, the excess is required to be recorded as an impairment.

During the third quarter of 2009, the Company conducted an interim impairment test related to its goodwill by operating segment as a result of continued market declines. As of the testing date of August 31, 2009, only the Company's Asia and Europe operating segments had goodwill associated with them. The Company's fair value analysis related to the interim test was supported by a weighting of two generally accepted valuation approaches, the income approach and the market approach, as further described below. These approaches include numerous assumptions with respect to future circumstances, such as industry and/or local market conditions that might directly impact each of the operating segment's operations in the future, and are therefore uncertain. These approaches are utilized to develop a range of fair values and a weighted average of these approaches is utilized to determine the best fair value estimate within that range.

Income Approach – Discounted Cash Flows. This valuation approach derives a present value of an operating segment's future annual cash flows over the next four years and the present value of the residual value of the operating segment. The Company uses a variety of underlying assumptions to estimate these future cash flows, including assumptions relating to future economic market conditions, product pricing, sales volumes, costs and expenses, and capital expenditures. These assumptions may vary by each reporting unit depending on regional market conditions, including competitive position, supply and demand for raw materials, labor costs and other industry conditions.

Market Approach - Multiples of EBIT, EBITDA, DFNI and DFCF (as defined in the chart below). This valuation approach first identifies public companies in the electronic component manufacturing and distribution industries that are similar to Bel. A grouping of applicable value measures was then selected and the appropriate market multiples were calculated based on the fundamental value measures of the selected guideline companies. The last step involved selecting the multiple to apply to Bel's various value measures, which was used to calculate the indicated value of each operating segment.

Detailed below is a table of key underlying assumptions utilized in the fair value estimate calculation for the interim test performed in the third quarter of 2009 as compared to those assumptions utilized during the 2008 annual valuation. Assumptions may vary by reporting unit. The table below shows the range of assumptions utilized across the various reporting units.

	Goodwill Impairment Analysis Key Assumptions	
	2009 - Interim	2008 - Annual
Income Approach - Discounted Cash Flows:		
Revenue growth rates	8.8% - 18.7%	(8.9%) - 10.3%
Cost of equity capital	13.8% - 14.8%	13.0% - 13.6%
Cost of debt capital	6.0% - 6.2%	4.9% - 7.7%
Weighted average cost of capital	12.6% - 13.4%	11.0% - 13.3%
Market Approach - Multiples of Guideline Companies (a):		
EBIT multiples used	7.9 - 8.9	6.0 - 10.7
EBITDA multiples used	6.3 - 7.1	5.0 - 7.5
DFNI multiples used	12.2 - 13.7	9.3 - 13.5
DFCF multiples used	8.7 - 11.0	6.4 - 7.4
Control premium (b)	16.2% - 32.0%	27.5% - 31.7%
Weighting of Valuation Methods:		
Income Approach - Discounted Cash Flows	75%	75%
Market Approach - Multiples of Guideline Companies	25%	25%

Definitions:

EBIT - Earnings before interest and taxes
EBITDA - Earnings before interest, taxes, depreciation and amortization
DFNI - Debt-free net income
DFCF - Debt-free cash flow

(a) Multiple range reflects multiples used throughout the North America, Asia and Europe reporting units
(b) Determined based on the industry mean control premium as published each year in MergerStat Review

The valuation test, which heavily weights future cash flow projections, indicated that the goodwill associated with the Asia reporting unit was fully impaired as August 31, 2009. The reduction in expected future cash flows in Asia related to an overall reduction in projected future sales coupled with a significant decrease in projected cash flow related to working capital changes as of the third quarter 2009 testing date of August 31, 2009 as compared to December 31, 2008. For purposes of this analysis, management projected that sales would return to 2008 levels in 2011, with moderate growth in subsequent years. This statement constitutes a Forward Looking Statement. Actual results may differ, depending in part on the timing associated with the current economic recession and the impact of that recession on Bel's customers. Based upon the results of the interim impairment test, the Company recorded a goodwill impairment charge of $12.9 million during the third quarter of 2009.

At December 31, 2009, the remaining goodwill of $2.0 million related solely to the Company's Europe reporting unit. Management has concluded that the fair value of the Europe reporting unit exceeds its carrying value at December 31, 2009. While it has been determined that no impairment exists as of December 31, 2009, there can be no assurances that goodwill impairments will not occur in the future. The valuation model utilizes assumptions which represent management's best estimate of future events, but would be sensitive to positive or negative changes in each of the underlying assumptions as well as to an alternative weighting of valuation methods which would result in a potentially higher or lower goodwill impairment expense. Specifically, a continued decline in demand for Bel's products and a corresponding revenue decline at rates greater than management's expectations, may lead to additional goodwill impairment charges. Furthermore, a continued decline in the guideline company multiples may also lead to additional goodwill impairment charges. Our goodwill balance was $2.0 million and $14.3 million at December 31, 2009 and 2008, respectively. See Note 2 to the consolidated financial statements for additional information on the Company's goodwill.

Long-Lived Assets

Property, plant and equipment represents an important component of the Company's total assets. The Company depreciates its property, plant and equipment on a straight-line basis over the estimated useful lives of the assets. Management reviews long-lived assets for potential impairment whenever significant events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment exists when the estimated undiscounted cash flows expected to result from the use of an asset and its eventual disposition are less than its carrying amount. If an impairment exists, the resulting write-down would be the difference between fair market value of the long-lived asset and the related net book value. No impairments related to long-lived assets were recorded during the year ended December 31, 2009. During 2008, the Company evaluated its long-lived assets in its Westborough, Massachusetts facility due to the scheduled closing of the facility at the end of 2008. In connection with this evaluation, the Company recorded $0.7 million of impairment charges related to its long-lived assets during the year ended December 31, 2008.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as measured by enacted tax rates that are expected to be in effect in the periods when the deferred tax assets and liabilities are expected to be settled or realized. Significant judgment is required in determining the worldwide provisions for income taxes. Valuation allowances are provided for deferred tax assets where it is considered more likely than not that the Company will not realize the benefit of such asset. In the ordinary course of a global business, the ultimate tax outcome is uncertain for many transactions. It is the Company’s policy to establish provisions for taxes that may become payable in future years as a result of an examination by tax authorities. The Company establishes the provisions based upon management’s assessment of exposure associated with permanent tax differences and tax credits applied to temporary difference adjustments. The tax provisions are analyzed periodically (at least quarterly) and adjustments are made as events occur that warrant adjustments to those provisions. The accounting literature requires significant judgment in determining what constitutes an individual tax position as well as assessing the outcome of each tax position. Changes in judgment as to recognition or measurement of tax positions can materially affect the estimate of the effective tax rate and, consequently, affect our operating results.

As of December 31, 2009, the Company has foreign income tax net operating losses (“NOL”) and credit carryforwards of $3.6 million, net of valuation allowances of $0.1 million and state income tax NOL’s and credit carryforwards of $8.9 million, net of valuation allowances of $5.5 million. Foreign NOL's can be carried forward indefinitely and state NOL's expire through 2013 - 2029.

The Company believes that it is more likely than not that the benefit from certain state net operating loss carryforwards and credits will not be realized. In recognition of this risk, we have provided a valuation allowance of $0.9 million on the deferred tax assets relating to these state net operating loss and credit carryforwards. If our assumptions change and we determine we will be able to realize these NOLs, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets at December 31, 2009 will be recognized as a reduction of income tax expense.

The President of the United States has presented a budget to the United States Congress which contains various modifications to international tax rules. Some of the proposed changes might subject the Company to, among other things, additional income taxes, restrictions on how foreign tax credits would be calculated and affect taxation regarding the transfer of intangible property. The Company cannot ascertain at this time what the final outcome of this proposed legislation will be or the effect, if any, on the Company's results of operations or financial condition.

Revenue Recognition

Revenue is recognized when the product has been delivered and title and risk of loss have passed to the customer, collection of the resulting receivable is deemed reasonably assured by management, persuasive evidence of an arrangement exists and the sale price is fixed and determinable.

Historically the Company has been successful in mitigating the risks associated with its revenue. Some issues relate to product warranty, creditworthiness of customers and concentration of sales among a few major customers.

The Company is not contractually obligated to accept returns from non-distributor customers except for defective product or in instances where the product does not meet the Company’s quality specifications. If these conditions exist, the Company would be obligated to repair or replace the defective product or make a cash settlement with the customer. Distributors generally have the right to return up to 5% of their purchases over the previous three to six months and are obligated to purchase an amount at least equal to the return. If the Company terminates a relationship with a distributor, the Company is obligated to accept as a return all of the distributor’s inventory from the Company. The Company accrues an estimate for anticipated returns based on historical experience at the time revenue is recognized and adjusts such estimate as specific anticipated returns are identified. If a distributor terminates its relationship with the Company, the Company is not obligated to accept any inventory returns.

The Company has a significant amount of sales with several customers. During the year ended December 31, 2009, the Company had three customers with sales in excess of 10% of Bel’s consolidated revenue. Management believes that the individual loss of two of these customers would have a material adverse effect on the Company’s results of operations, financial position and cash flows. During the year ended December 31, 2009, the Company had sales of $28.6 million and $22.5 million, representing 15.7% and 12.3% of Bel’s consolidated revenue, to Hon Hai Precision Industry Company Ltd. and Flextronics International Ltd., respectively.

Overview

Our Company

Bel is a leading producer of electronic products that help make global connectivity a reality. The Company designs, manufactures and markets a broad array of magnetics, modules (including power conversion and integrated modules), circuit protection devices and interconnect products. While these products are deployed primarily in the computer, networking and telecommunication industries, Bel’s expanding portfolio of products also finds application in the automotive, medical and consumer electronics markets.   Bel's products are designed to protect, regulate, connect, isolate or manage a variety of electronic circuits.

Bel’s business is operated through three geographic segments: North America, Asia and Europe. During 2009, 68% of the Company’s revenues were derived from Asia, 23% from North America and 9% from its Europe operating segment. The Company’s revenues are primarily driven by working closely with its customers’ engineering staffs and aligning them with industry standards committees and various integrated circuit (IC) manufacturers. Sales of the Company’s magnetic products represented approximately 47% of our total net sales for 2009. The remaining 2009 revenues related to sales of the Company’s modules products (30%), interconnect products (18%) and circuit protection products (5%).

The Company’s expenses are driven principally by the cost of labor where Bel’s factories are located and the cost of the materials that it uses. As labor and material costs vary by product line, any significant shift in product mix has an associated impact on the Company’s costs of sales. Bel generally enters into processing arrangements with several independent wire wound component suppliers in Asia. Costs are recorded as incurred for all products manufactured either at third party facilities or at the Company's own manufacturing facilities. Such amounts are determined based upon the estimated stage of production and include labor cost and fringes and related allocations of factory overhead. The Company manufactures products at its own manufacturing facilities in the People’s Republic of China (PRC), Glen Rock, Pennsylvania; Inwood, New York; the Dominican Republic, Mexico; the Czech Republic, and, since the Cinch acquisition, in Vinita, Oklahoma; Reynosa, Mexico; and Worksop, England.

Trends Affecting our Business

The Company believes the key factors affecting Bel's 2009 and/or future results include the following:

- Increasing pressures in the U.S. and global economy related to the global economic downturn, the credit crisis, volatility in interest rates, investment returns, energy prices and other elements that impact commercial and end-user consumer spending have created a highly challenging environment for Bel and its customers.

- These weakening economic conditions have resulted in reductions in capital expenditures by end-user consumers of our products. While we have seen an increase in the backlog of orders in the second half of 2009, we do not anticipate a rebound to the 2008 level of sales volume in the near term.

- Commodity prices, especially those pertaining to gold, copper and integrated circuits, have been highly volatile. Fluctuations in these prices and other commodity prices associated with Bel's raw materials will have a corresponding impact on Bel's profit margins.

- The costs of labor, particularly in the PRC where several of Bel's factories are located, have risen significantly as a result of government mandates for new minimum wage and overtime requirements (effective April 2008). These higher labor rates, in addition to new minimum wage levels issued by the PRC government in January 2010, will continue to have a negative impact on Bel's profit margins.

- The global nature of Bel's business exposes Bel to earnings volatility resulting from exchange rate fluctuations.

- At the end of the third quarter of 2009, there was an increase in customer demand. As a result, the Company and its wire wound component suppliers hired additional workers to meet this increased demand for Bel's products. This led to higher labor costs in the fourth quarter of 2009. Management anticipates this trend to continue into 2010 due to training costs and production inefficiencies related to these new workers.

- As overall demand in our industry begins to increase, our competitors have not been able to meet increased customer demand, which has resulted in additional time sensitive demand for Bel's products. This will likely become another factor contributing to rising labor costs in future quarters, as excess overtime may be incurred to achieve these additional customer demands on a timely basis.

- In January 2010, the Company completed its acquisition of Cinch. In connection with this transaction and the Bel Pingguo acquisition, the Company incurred $0.6 million in acquisition-related costs during the year ended December 31, 2009. Additional costs, including severance charges, related to the acquisition of Cinch will be incurred in the first quarter of 2010.

These factors are expected to continue into the foreseeable future. Given the need to maintain competitive pricing while incurring higher labor costs to accommodate the recent increase in demand, the Company anticipates that its results of operations for 2010 will be materially adversely affected by the continuing economic crisis.

Summary by Operating Segment

Net sales by operating segment for the years ended December 31, 2009, 2008 and 2007 were as follows (dollars in thousands):

	2009	2008	2007	% (Decrease) Increase 2009/2008	2008/2007
Net sales from external customers:					
North America	$ 41,898	$ 67,380	$ 78,091	-38%	-14%
Asia	123,764	165,164	151,550	-25%	9%
Europe	17,091	25,806	29,496	-34%	-13%
	$ 182,753	$ 258,350	$ 259,137	-29%	0%

In 2008, there was a reduction in North America revenue due to the ending of a certain product's life cycle. In addition, at the end of 2008, the Company transitioned the remaining operations in Westborough, Massachusetts to the PRC to take advantage of economies of scale. There was also an overall shift in product mix during 2008 which increased the proportion of product being manufactured, shipped and billed from Asia. In 2009, the Company experienced large reductions in sales volumes across all operating segments due to weakened economic conditions, and continued to transition manufacturing to the PRC with the closure of the Westborough, Massachusetts facility at the end of 2008.

(Loss) income from operations by operating segment for the years ended December 31, 2009, 2008 and 2007 were as follows (dollars in thousands):

	2009	2008	2007
(Loss) Income from Operations:			
North America	$ (205)	$ (12,646)	$ 6,515
Asia	(16,462)	1,202	17,488
Europe	(684)	695	1,509
	$ (17,351)	$ (10,749)	$ 25,512

In addition to sales volumes being significantly lower in 2009 as compared to 2008, the Company recorded a goodwill impairment charge of $12.9 million in its Asia operating segment in 2009. In 2008, the Company recorded asset impairment charges in its North America operating segment totaling $14.8 million, primarily related to a $14.1 million goodwill impairment charge and $0.7 million in asset impairments related to the closure of the Westborough, Massachusetts facility. Also in 2008, the Company experienced a significant increase in labor costs in Asia, due to increased training costs and production inefficiencies resulting from the hiring of 5,300 net new hires in addition to significantly higher wage rate rates effective April 1, 2008, as mandated by PRC officials.

See Note 11 to the notes to consolidated financial statements contained in this Annual Report on Form 10-K for additional segment disclosures.

Our 2009 Results

The current market conditions have impacted the Company considerably during the year ended December 31, 2009.

During the year ended December 31, 2009, the Company experienced a 29.3% decrease in sales as compared to 2008. This was primarily due to a reduction in demand across all product lines related to weak global economic conditions. The Company also recorded a goodwill impairment charge of $12.9 million in 2009 related to its Asia reporting unit, a $2.1 million license fee in connection with a lawsuit settlement and $0.6 million in acquisition costs related to the acquisitions of Bel Pingguo and Cinch Connectors in 2009. The Company incurred $0.4 million in restructuring charges related to the closure of its Westborough, Massachusetts facility and experienced an increase in the cost of materials due to a shift in product mix. Interest income also decreased by $1.9 million due to lower interest rates on invested balances. These items were offset, in part, by a 16.7% reduction in selling, general and administrative expenses, lower labor costs in 2009, a $4.7 million gain on sale of property, a reversal of a previously established tax liability of $3.9 million during 2009 and a $7.1 million net gain for financial reporting purposes related to the sale of the Company's investments in Power-One common stock and Toko common stock, and the redemptions from the Columbia Portfolio during 2009. The reduction in sales coupled with these and other factors resulted in a net loss of $8.3 million for the year ended December 31, 2009. Additional details related to these factors affecting the 2009 results are described in the Results of Operations section below.

Results of Operations

The following table sets forth, for the past three years, the percentage relationship to net sales of certain items included in the Company's consolidated statements of operations.

	Percentage of Net Sales		
	Years Ended December 31,		
	2009	2008	2007
Net sales	100.0%	100.0%	100.0%
Cost of sales	88.3	84.0	78.3
Selling, general and administrative expenses	16.4	14.0	13.9
Impairment of assets	7.0	5.7	-
Restructuring charges	0.2	0.4	-
Gain on sale of property, plant and equipment	2.6	-	2.1
Realized gain (loss/impairment charge) on investment	3.9	(4.0)	0.8
Interest income and other, net	0.3	1.0	1.6
(Loss) earnings before (benefit) provision for income taxes	(5.3)	(7.2)	12.2
Income tax (benefit) provision	(0.8)	(1.4)	2.1
Net (loss) earnings	(4.5)	(5.8)	10.2

The following table sets forth the year over year percentage increases or decreases of certain items included in the Company's consolidated statements of operations.

	Increase (Decrease) from Prior Period	
	2009 compared with 2008	2008 compared with 2007
Net sales	(29.3)%	(0.3)%
Cost of sales	(25.6)	6.9
Selling, general and administrative expenses	(16.7)	(0.1)
Net loss/earnings	(44.3)	(156.7)

Sales

Net sales decreased by $75.6 million or 29.3% from $258.4 million during 2008 to $182.8 million during 2009. The Company attributes the decrease principally to a reduction in demand across all major product groups as a result of the weak economic conditions.

The significant components of the Company's revenues for 2009 were magnetic products of $86.3 million (as compared with $118.5 million during 2008), interconnect products of $32.5 million (as compared with $47.4 million during 2008), module products of $54.3 million (as compared with $77.3 million during 2008), and circuit protection products of $9.7 million (as compared with $15.1 million during 2008.)

The Company continues to have limited visibility as to future customer requirements and as such, the Company cannot predict with any degree of certainty sales revenue for 2010. The Company had three customers with sales in excess of 10%, with customer sales for 2009 amounting to $28.6 million, $22.5 million and $20.8 million, representing 15.7%, 12.3% and 11.4%, respectively, of total sales during the year ended December 31, 2009. The loss of any or all of these customers would cause a significant reduction in sales volume.

The Company cannot quantify the extent of sales growth arising from unit sales mix and/or price changes. Product demand and sales volume will affect how we price our products. Through the Company's engineering and research effort, the Company has been successful in adding additional value to existing product lines, which tends to increase sales prices initially until that generation of products becomes mature and sales prices experience price degradation. In general, as products become mature, average selling prices decrease.

Net sales decreased by $0.8 million or 0.3% from $259.1 million during 2007 to $258.3 million during 2008. The Company attributes the decrease to a reduction in magnetic sales of $7.0 million and a decrease in circuit protection sales of $4.0 million, offset in part by growth in module sales of $7.1 million and interconnect sales of $3.1 million. Contributing to the $7.0 million decrease in magnetic sales was a decrease in the Company's MagJack® integrated connector sales of $5.0 million during the year ended December 31, 2008 as compared to 2007, which resulted primarily from production inefficiencies during early 2008 in the PRC.

The significant components of the Company's revenues for 2008 were magnetic products of $118.5 million (as compared with $125.5 million during 2007), interconnect products of $47.4 million (as compared with $44.3 million during 2007), module products of $77.3 million (as compared with $70.2 million during 2007), and circuit protection products of $15.1 million (as compared with $19.1 million during 2007.)

Cost of Sales

Cost of sales as a percentage of net sales increased from 84.0% during the year ended December 31, 2008 to 88.3% during the year ended December 31, 2009. The increase in the cost of sales percentage is primarily attributable to the following:

- In order to eliminate future legal fees related to the Murata patent infringement claim against the Company, a settlement was negotiated with Murata in October 2009 whereby the Company paid a lump sum license fee of $2.1 million in exchange for a licensing agreement covering past and future sales of Bel's MagJack® integrated connector products. As $2.0 million of this amount was deemed to relate to product sales from prior periods, this portion is included in cost of sales for the year ended December 31, 2009.

☐ Material costs as a percentage of sales have increased from 51.1% during 2008 to 55.3% during 2009. Bel manufactures a particular product line within the modules group that consists of a larger percentage of purchased components than most of the Company's other products. The proportion of total sales attributable to this product has increased to 13% of total sales for the year ended December 31, 2009 as compared to 12% of total sales in 2008, mainly due to relatively larger revenue declines in other product lines. While these products are strategic to Bel's growth and important to total earnings, they return lower gross profit margins due to their higher material content, and the Company's average gross profit percentage will likely decrease as these sales continue to account for an increasing proportion of total sales.

☐ Included in cost of sales are research and development expenses of $7.8 million and $7.4 million for the years ended December 31, 2009 and 2008, respectively. The increase in research and development expenses during 2009 was primarily related to Bel's power products and new MagJack® integrated connectors.

☐ Labor costs as a percentage of sales have decreased from 15.0% during 2008 to 11.5% during 2009, due to a variety of factors. The Company experienced excessive labor costs in 2008 related to increased training costs and production inefficiencies associated with the large volume of new hires after the 2008 Chinese New Year, which did not reoccur in 2009. As discussed above, there was a shift in product mix during 2009 whereby there is a higher percentage of sales relating to a particular product line within the modules group that consists of a larger percentage of purchased components than most of the Company's other products. The manufacturing process around this product line is less labor intensive, resulting in reduced labor costs in 2009. In addition, the Company has continued to transition the labor intensive assembly operations of other product lines to lower cost regions of the PRC during 2009.

☐ During 2009, support labor and depreciation and amortization were $4.0 million and $0.7 million lower, respectively, than 2008. However, due to the reduction in 2009 sales volume, these fixed costs increased as a percentage of sales by 0.5% and 0.7%, respectively, as compared to 2008.

Cost of sales as a percentage of net sales increased from 78.3% during the year ended December 31, 2007 to 84.0% during the year ended December 31, 2008. During 2007, the Company established a $1.2 million warranty accrual for a defective part, including a $0.4 million inventory write-off of materials on hand related to this matter which were deemed to be unusable. Excluding this anomaly, cost of sales as a percentage of net sales increased 6.1% during the year ended December 31, 2008 as compared to 2007. The increase in the cost of sales percentage is primarily attributable to the following:

☐ The Company experienced a significant increase in labor costs, including social benefits, during the year ended December 31, 2008 (15.0% of sales as compared to 9.7% of sales for the year ended December 31, 2007). This increase was due to a variety of factors, including increased training costs and production inefficiencies resulting from the hiring of 5,300 net new hires since the Lunar New Year, significantly higher wage rates effective April 1, 2008 as mandated by PRC officials and an increase in overtime hours worked to reduce our backlog, with many of these hours being worked on Saturdays and Sundays at the new double-time rates. In addition, the PRC yuan, in which all PRC workers are paid, has appreciated, as compared to the dollar, on average by 9.5% during the year ended December 31, 2008 from 2007. Labor costs began to stabilize in the fourth quarter of 2008, due to a substantial reduction in overtime worked during that quarter.

- ☐ Sales of a particular product line within the modules group have increased by $11.3 million in 2008 compared to 2007. While these products are strategic to Bel's growth and important to total earnings, they return lower gross profit margins as a larger percentage of the final product is comprised of purchased components. If these sales continue to increase, the Company's average gross profit percentage will likely decrease.

- ☐ Included in cost of sales are research and development expenses of $7.4 million and $7.2 million for the years ended December 31, 2008 and 2007, respectively. The increase in research and development expenses during 2008 was primarily related to Bel's power products and new MagJack® integrated connectors.

<u>Selling, General and Administrative Expenses ("SG&A")</u>

The percentage relationship of selling, general and administrative expenses to net sales increased from 14.0% during the year ended December 31, 2008 to 16.4% during the year ended December 31, 2009. While the percentage of sales increased from last year, the dollar amount of selling, general and administrative expense for the year ended December 31, 2009 was $6.0 million (or 16.7%) lower as compared to 2008. The overall reduction in dollar amount was the result of the following factors:

- ☐ Sales commissions decreased by $2.0 million due to the 2009 lower sales volume.
- ☐ Travel expenses were reduced by $1.0 million, as management implemented travel restrictions beginning in the first quarter of 2009.
- ☐ General and administrative salaries and fringe benefits decreased as compared to 2008 as a result of savings of approximately $1.4 million from company-wide reductions in headcount and a reduction of $0.2 million in bonus expense, partially offset by severance expense of $0.4 million.
- ☐ As a result of the significant volatility in market conditions during 2008 and 2009, the underlying investments associated with the portion of the Company's company-owned life insurance (COLI) attributable to SG&A experienced a decrease in cash surrender value during 2008 of $0.4 million, followed by an increase in cash surrender value of $0.1 million during 2009. This accounted for a $0.5 million decrease in SG&A expense in 2009 as compared to 2008.
- ☐ Other selling costs were $0.4 million lower as compared to 2008 due to a reduction in sales and marketing expenses in Europe as well as lower freight expenses globally.
- ☐ Other reductions in SG&A of $2.0 million included reductions in various other expense categories that were not individually significant.

These factors were partially offset by the following factors:

- ☐ The Company incurred $0.6 million in acquisition costs related to the acquisitions of Bel Pingguo and Cinch Connectors.
- ☐ The Company recorded charges totaling $0.5 million for compensation expense and fees related to the unauthorized issuance of stock.

The percentage relationship of selling, general and administrative expenses to net sales increased slightly from 13.9% during the year ended December 31, 2007 to 14.0% during the year ended December 31, 2008. The selling, general and administrative expense for the year ended December 31, 2008 remained consistent with that of 2007 at $36.1 million. While the expense in total remained flat, the following factors within selling, general and administrative expenses fluctuated from 2007:

☐ Legal and professional fees increased by $0.2 million from 2007 principally due to $0.4 million of legal activity related to the Galaxy lawsuit during 2008 and an increase in audit and accounting fees of $0.6 million during 2008 as compared to 2007. These additional legal and professional fees were partially offset by the high level of patent litigation costs totaling $0.9 million during 2007 which did not recur at that level in 2008.

☐ Other general and administrative costs decreased by $0.7 million during 2008 as compared to 2007. The Company reduced its discretionary bonus expense during 2008 as a result of lower profitability in 2008. In addition, the Company recorded a $0.2 million reduction of stock-based compensation expense related to forfeitures of restricted stock awards. There were additional reductions in other general and administrative costs that were not individually significant.

☐ Primarily as a result of the strengthening of the U.S. dollar versus certain European currencies during the latter half of 2008, the Company's currency exchange losses increased by $0.5 million. Payables related to certain of the Company's European purchases are denominated in U.S. dollars, and receivables related to certain of the Company's sales are denominated in European currencies.

Impairment of Assets

During the third quarter of 2009, the Company performed an interim valuation of the Company's goodwill. In connection with this analysis, it was determined that the goodwill associated with the Company's Asia operating segment was impaired, primarily due to a reduction in estimated future cash flows. The related impairment charge of $12.9 million is included in the Company's consolidated statement of operations for the year ended December 31, 2009. Management determined that the fair value of the remaining goodwill at December 31, 2009 exceeded its carrying value and that no additional impairment existed as of that date.

During the fourth quarter of 2008, the Company conducted its annual valuation test related to the Company's goodwill by operating segment. The valuation test, which heavily weights future cash flow projections, indicated that the goodwill associated with our North America operating segment was fully impaired as of the valuation date. As a result, the Company recorded a charge of $14.1 million related to the impairment of goodwill during the fourth quarter of 2008.

Also during the fourth quarter of 2008, the Company finalized its plans for the transfer, sale or ultimate disposition of its fixed assets located in the Westborough facility. Of the Westborough fixed assets, approximately $0.7 million were sold to a local vendor in January 2009. As such, these assets were reclassified as assets held for sale as of December 31, 2008 and the assets were written down to their net realizable value of $0.2 million. As a result of this sale of assets, in addition to a $0.2 million reserve on the remaining Westborough fixed assets, a total of $0.7 million of fixed asset impairments was recorded during the fourth quarter 2008.

Restructuring Charges

In connection with the termination of its manufacturing operations at the Company's DC-DC manufacturing facility in Westborough, the Company incurred restructuring charges of $1.1 million during the year ended December 31, 2008. The restructuring charges consisted of $0.6 million of severance and other termination benefits associated with the layoff of approximately 50 employees in the Westborough facility and $0.5 million related to the Company's facility lease obligation. The Company incurred an additional $0.4 million of restructuring charges in 2009, primarily related to the facility lease obligation. See Note 18 of the notes to consolidated financial statements for additional information on these restructuring charges.

Gain on Sale of Property, Plant and Equipment

During the year ended December 31, 2009, the Company recognized a previously deferred gain from the sale of property in Jersey City, New Jersey in the amount of $4.6 million. During the year ended December 31, 2007, the Company realized gains from the sale of property, plant and equipment in Hong Kong and Macao in the amount of $5.5 million. The sale of the Company's real estate in Macao reflected the Company's decision to cease manufacturing in Macao and to consolidate manufacturing in larger more efficient facilities. During the fourth quarter of 2007, the Company ceased manufacturing in a small plant in the PRC.

Realized Gain (Loss/Impairment Charge) on Investments

During the year ended December 31, 2009, the Company sold its remaining investments in Power-One Inc. ("Power-One") common stock and Toko Inc. ("Toko") common stock. These sales resulted in an aggregate net gain for financial reporting purposes of $6.9 million which was recorded during 2009. The Company also realized $0.2 million in gains associated with redemptions of its investment in the Columbia Strategic Cash Portfolio ("Columbia Portfolio") during the year ended December 31, 2009. During the year ended December 31, 2008, the Company recorded pre-tax charges related to other-than-temporary impairments of Bel's holdings in Toko of $3.6 million, Power-One of $5.3 million and the Columbia Portfolio of $1.4 million. See the Liquidity and Capital Resources section of this Item 7. During the year ended December 31, 2007, the Company realized gains from the sale of Toko common stock in the amount of $2.5 million, offset by an other-than-temporary impairment charge of $0.3 million related to its investment in the Columbia Portfolio.

Interest Income and Other, Net

Interest income earned on cash and cash equivalents decreased by approximately $1.9 million during the year ended December 31, 2009, as compared to the year ended December 31, 2008. Interest income earned on cash and cash equivalents decreased by approximately $1.7 million during the year ended December 31, 2008, as compared to the year ended December 31, 2007. The decreases in interest income during 2009 and 2008 as compared to prior years is due primarily to the reduction in interest rates on invested balances.

(Benefit) Provision for Income Taxes

The benefit for income taxes for the year ended December 31, 2009 was $1.4 million compared to $3.7 million for the year ended December 31, 2008. The Company incurred losses before benefit for income taxes for the years ended December 31, 2009 and 2008 which resulted in a $9.0 million lower loss before benefit for income taxes during 2009 compared to 2008. The Company's effective tax rate, the income tax benefit as a percentage of loss before benefit from income taxes, was (14.3)% and (20.0)% for the years ended December 31, 2009 and 2008, respectively. The Company's effective tax rate will fluctuate based on the geographic segment in which pretax profits/losses are earned. Of the geographic segments in which the Company operates, the U.S. has the highest tax rates; Europe's tax rates are generally lower than U.S. tax rates; and the Far East has the lowest tax rates. The decrease in the effective tax benefit during 2009 as compared to 2008 is attributable to a gain on sale of property and marketable securities in North America which was offset, in part, by the settlement of a lawsuit. In the Far East, the Company incurred losses with no associated tax benefit as compared to the year ended December 31, 2008. During the year ended December 31, 2009, certain statutes of limitations expired which resulted in a reversal of a previously recognized liability for uncertain tax positions in the amount of $3.9 million. This was offset, in part, by an increase in the liability for uncertain tax positions in the amount of $1.3 million during the year ended December 31, 2009.

The benefit for income taxes for the year ended December 31, 2008 was $(3.7) million compared to a $5.4 million provision for the year ended December 31, 2007. The Company's loss before income taxes for the year ended December 31, 2008 was approximately $(18.7) million compared to earnings before income taxes of $31.7 million for the year ended December 31, 2007 or a decrease in earnings between December 31, 2008 and December 31, 2007 of $50.4 million. The Company's effective tax rate, the income tax (benefit) provision as a percentage of (loss) earnings before (benefit) provision for income taxes, was (20.0)% and 16.9% for the years ended December 31, 2008 and December 31, 2007, respectively. The Company's effective tax rate will fluctuate based on the geographic segment the pretax profits are earned in. Of the geographic segments in which the Company operates, the U.S. has the highest tax rates; Europe's tax rates are generally lower than U.S. tax rates; and the Far East has the lowest tax rates. The decrease in the Company's (benefit) provision for income tax as a percentage of (loss) earnings before (benefit) provision for income taxes is principally attributed to tax benefits in the U.S. of $2.3 million resulting from the reversal of an accrual for uncertain tax positions resulting from the expiration of certain statute of limitations; this was offset in part by a goodwill impairment loss in the North America segment in the amount of $12.5 million for which no tax benefit is available. Additionally, there were certain changes in estimates for prior year taxes, upon finalization of 2007 tax returns.

The Company has the majority of its products manufactured on the mainland of the People's Republic of China ("PRC"), and Bel is not subject to corporate income tax on manufacturing services provided by third parties in the PRC. The Company no longer conducts manufacturing activities in Hong Kong or Macao. Hong Kong imposes corporate income tax at a rate of 16.5 percent solely on income sourced to Hong Kong. That is, its tax system is a territorial one which only seeks to tax activities conducted in Hong Kong.

During 2005, the Company was granted an offshore operating license from the government of Macao. An MCO named Bel Fuse (Macao Commercial Offshore) Limited was set up to handle all of the Company's sales to third-party customers in Asia. Sales to third-party customers commenced during the first quarter of 2006. Sales consist of products manufactured in the PRC. The MCO is not subject to Macao corporate income taxes which are imposed at a tax rate of 12%.

The Company has historically followed a practice of reinvesting a portion of the earnings of foreign subsidiaries in the expansion of its foreign operations. If the unrepatriated earnings were distributed to the parent corporation rather than reinvested in Asia, such funds would be subject to United States Federal income taxes. During the year ended December 31, 2008, the Company repatriated previously taxed foreign earnings of approximately $0.3 million.

The Company’s policy is to recognize interest and penalties related to uncertain tax positions as a component of the current (benefit) provision for income taxes. During the years ended December 31, 2009, 2008 and 2007, the Company recognized approximately $0.1 million, $0.1 million and $0.5 million, respectively, in interest and penalties in the consolidated statements of operations. The Company has approximately $0.6 million and $1.6 million accrued for the payment of interest and penalties at December 31, 2009 and 2008, respectively, which is included in both income taxes payable and liability for uncertain tax positions in the consolidated balance sheet. The Company is not currently being audited by any tax authorities.

The President of the United States has presented a budget to the United States Congress which contains various modifications to international tax rules. Some of the proposed changes might subject the Company to, among other things, additional income taxes, restrictions on how foreign tax credits would be calculated and affect taxation regarding the transfer of intangible property. The Company cannot ascertain at this time what the final outcome of this proposed legislation will be or the effect, if any, on the Company's results of operations or financial condition.

Inflation and Foreign Currency Exchange

During the past three years, the effect of inflation on the Company's profitability was not material. Historically, fluctuations of the U.S. Dollar against other major currencies have not significantly affected the Company's foreign operations as most sales have been denominated in U.S. Dollars or currencies directly or indirectly linked to the U.S. Dollar. Most significant expenses, including raw materials, labor and manufacturing expenses, are either incurred in U.S. Dollars or the currencies of the Hong Kong Dollar, the Macao Pataca or the Chinese Renminbi. However, the Chinese Renminbi appreciated in value (approximately 1.7%) during the year ended December 31, 2009 as compared with 2008. Further appreciation of the Renminbi would result in the Company’s incurring higher costs for all expenses incurred in the PRC. The Company's European entities, whose functional currencies are Euros, Czech Korunas, and U.S. dollars, enter into transactions which include sales which are denominated principally in Euros, British Pounds and various other European currencies, and purchases that are denominated principally in U.S. dollars. Settlement of such transactions resulted in net realized and unrealized currency exchange losses of $0.6 million for the year ended December 31, 2008, which were charged to expense. Realized and unrealized currency gains (losses) during the years ended December 31, 2009 and 2007 were not material. Translation of subsidiaries’ foreign currency financial statements into U.S. dollars resulted in translation (losses) gains of ($0.4) million and $1.0 million for the years ended December 31, 2008 and 2007, respectively, which are included in accumulated other comprehensive (loss) income. Translation gains during the year ended December 31, 2009 were not material. Any change in the linkage of the U.S. Dollar and the Hong Kong Dollar could have a material effect on the Company's consolidated financial position or results of operations.

Liquidity and Capital Resources

Historically, the Company has financed its capital expenditures primarily through cash flows from operating activities and has financed acquisitions both through cash flows from operating activities and borrowings. Management believes that the cash flow from operations after payments of dividends, combined with its existing capital base and the Company's available lines of credit, will be sufficient to fund its operations for at least the next twelve months. Such statement constitutes a Forward Looking Statement. Factors which could cause the Company to require additional capital include, among other things, a further softening in the demand for the Company’s existing products, an inability to respond to customer demand for new products, potential acquisitions requiring substantial capital, future expansion of the Company's operations and net losses that would result in net cash being used in operating, investing and/or financing activities which result in net decreases in cash and cash equivalents. Net losses may result in the loss of domestic and foreign credit facilities and preclude the Company from raising debt or equity financing in the capital markets on affordable terms or otherwise.

The Company has an unsecured credit agreement in the amount of $20 million, which expires on June 30, 2011. There have not been any borrowings under the credit agreement and as such, there was no balance outstanding as of December 31, 2009 and December 31, 2008. At each of those dates, the entire $20 million line of credit was available to the Company to borrow. The credit agreement bears interest at LIBOR plus 0.75% to 1.25% based on certain financial statement ratios maintained by the Company. The Company is in compliance with its debt covenants as of December 31, 2009.

The Company's Hong Kong subsidiary had an unsecured line of credit of approximately $2 million, which was unused at December 31, 2009. The line of credit expired on January 31, 2009 and was renewed on February 10, 2009. Borrowing on the line of credit was guaranteed by the U.S. parent. The line of credit bears interest at a rate determined by the lender as the financing is extended.

The Company recorded minimal interest expense during the years ended December 31, 2009 and 2008. For the year ended December 31, 2007, the Company recorded interest expense of $0.1 million.

For information regarding further commitments under the Company’s operating leases, see Note 15 of the notes to the Company’s consolidated financial statements.

During May 2007, the Company sold a parcel of land located in Jersey City, New Jersey for $6.0 million. In December 2007, the Tidelands Resource Council voted to approve the Bureau of Tideland Management’s recommendation for a Statement of No Interest. On March 14, 2008, the Commissioner of the Department of Environmental Protection signed a letter to approve the Statement of No Interest. As final approval of the Statement of No Interest was still pending as of December 31, 2008, the Company continued to defer the estimated gain on sale of the land, in the amount of $4.6 million. Of the $6.0 million sales price, the Company received cash of $1.5 million before closing costs, and $4.6 million (including interest) was being held in escrow pending final resolution of the State of New Jersey tideland claim and certain environmental costs. During 2007, the Company paid $0.4 million related to environmental costs, which approximated the maximum amount of environmental costs for which the Company is liable. During May 2008, the title company released $2.3 million of the escrow and, as such, $2.3 remained in escrow and had been classified as restricted cash as of December 31, 2008. In February 2009, the final approval of the Statement of No Interest was received from the State of New Jersey. In March 2009, the title company released the remaining escrow of $2.3 million and corresponding guarantees and the Company recognized the gain associated with the sale of this property in the amount of $4.6 million. In July 2009, the Company established a standby letter of credit for the State of New Jersey as a performance guarantee related to environmental cleanup associated with the Jersey City, New Jersey property sale. In connection with this agreement, the Company has a compensating balance of $0.3 million which has been classified as restricted cash as of December 31, 2009. This compensating balance will be reduced to less than $0.1 million upon its renewal in July 2010.

On January 29, 2010, the Company completed the acquisition of Cinch Connectors ("Cinch") from Safran S.A. for approximately $37.5 million in cash plus approximately $1.5 million for the assumption of certain expenses. The final purchase price remains subject to certain adjustments related to working capital. The transaction was funded with cash on hand. Cinch is headquartered in Lombard, Illinois and has manufacturing facilities in Vinita, Oklahoma, Reynosa, Mexico and Worksop, England.

Columbia Portfolio:

Through December 2009, the Company's investment securities included privately placed units of beneficial interests in the Columbia Portfolio, which was an enhanced cash fund sold as an alternative to money-market funds. Due to adverse market conditions, the fund was overwhelmed with withdrawal requests from investors and the fund was closed with a restriction placed upon the cash redemption ability of its holders. At the time the liquidation was announced in December 2007, the Company held 25.7 million units of the Columbia Portfolio at a book value of $25.7 million. At December 31, 2008, the Company held 6.1 million units at a book value of $5.1 million, which approximated its fair value at that date.

As of December 31, 2009, the Company has received total cash redemptions to date of $24.2 million (including $5.3 million during the year ended December 31, 2009) at a weighted-average net asset value of $.9410 per unit. The Company recorded a gain of $0.2 million during the year ended December 31, 2009, as the net asset value exceeded the adjusted basis of this investment on the dates of redemption. During the years ended December 31, 2008 and 2007, the Company recorded $1.2 million and $0.3 million in impairment charges, respectively. In addition to the impairment charges noted, the Company has also recorded realized losses of $0.2 million during the year ended December 31, 2008 as the Company's adjusted basis exceeded the net asset value on the dates of redemption. The Company received the final redemption from this fund in December 2009 and the fund was fully liquidated as of December 31, 2009.

Toko:

As of December 31, 2008, the Company owned a total of 1,840,919 shares, or approximately 1.9% of the outstanding shares, of the common stock of Toko, Inc. ("Toko"). The Company's original cost of these shares was $5.6 million ($3.07 per share). During the year ended December 31, 2009, the Company sold its remaining investment in Toko common stock on the open market at an aggregate fair market value of $1.9 million, resulting in a loss of $0.1 million for financial reporting purposes. The Company had previously recorded pre-tax impairment charges totaling $3.6 million during the year ended December 31, 2008 related to this investment.

During April 2007, the Company sold 4,034,000 shares of common stock of Toko on the open market which resulted in a gain of approximately $2.5 million, net of investment banker fees and other expenses in the amount of $0.8 million. The Company accrued bonuses of $0.5 million in connection with this gain which were paid in 2008. For financial statement purposes, in 2007 approximately $0.4 million and $0.1 million of such bonuses has been classified within cost of sales and selling, general and administrative expenses, respectively.

Power-One, Inc.:

As of December 31, 2008, the Company owned a total of 7,338,998 shares of Power-One common stock at an aggregate cost of $14.1 million ($1.92 per share). During the year ended December 31, 2009, the Company sold its full investment in Power-One common stock on the open market at an aggregate fair market value of $15.8 million, resulting in a gain of $7.0 million for financial reporting purposes. The Company had previously recorded a pre-tax impairment charge of $5.3 million during the year ended December 31, 2008 related to this investment.

Stock Repurchases

During 2000, the Board of Directors of the Company authorized the purchase of up to ten percent of the Company’s outstanding common shares. As of December 31, 2008, the Company had purchased and retired 23,600 Class B common shares at a cost of approximately $0.8 million and had purchased and retired 521,747 Class A common shares at a cost of approximately $16.7 million. No shares of Class B common stock were repurchased during the year ended December 31, 2008 and 361,714 Class A shares were repurchased principally from a related party during the year ended December 31, 2008 at a cost of $11.0 million. During January and February 2009, the Company purchased an additional 6,070 Class A common shares at a cost of $0.1 million.

Cash Flows

During the year ended December 31, 2009, the Company's cash and cash equivalents increased by $49.3 million from $75.0 million at December 31, 2008 to $124.2 million at December 31, 2009, reflecting approximately $29.2 million provided by operating activities. This resulted primarily from a reduction in 2009 sales volume and the associated decrease in purchasing of raw materials and overall reduction in manufacturing of finished products which led to a $11.3 million decrease in accounts receivable and a $14.8 million decrease in inventory on hand as compared to those balances at December 31, 2008. Other factors contributing to the overall increase in cash and cash equivalents at December 31, 2009 included $20.6 million from the sale of marketable securities, $5.3 million from the final redemptions of the Columbia Portfolio, $1.5 million of proceeds from the cash surrender value of company-owned life insurance policies and $2.6 million of proceeds from the sale of property, plant and equipment, primarily from the $2.3 million release of final escrow related to the sale of the Jersey City property, offset, in part, by $2.4 million for the purchase of property, plant and equipment, $0.1 million for the repurchase of the Company’s common stock, $3.5 million for the purchase of marketable securities, $0.4 million for payment of an acquisition, $0.1 million for the purchase of a license agreement and $3.1 million for payments of dividends. The remaining reduction in cash and cash equivalent relates to $0.3 million which was reclassified as restricted cash as of December 31, 2009.

During the year ended December 31, 2008, the Company's cash and cash equivalents decreased by $8.9 million from $83.9 million at December 31, 2007 to $75.0 million at December 31, 2008, reflecting approximately $10.3 million provided by operating activities, $16.6 million from the partial redemption of the Columbia Portfolio, $2.0 million of marketable securities redesignated as cash equivalents and $2.3 million from the partial release of escrow related to the sale of the Jersey City property, offset, in part, by $19.0 million used for purchases of marketable securities, $6.9 million for the purchase of property, plant and equipment, $11.0 million for the repurchase of the Company’s common stock and $3.2 million for payments of dividends.

During the year ended December 31, 2007, the Company's cash and cash equivalents increased by $7.1 million from $76.8 million at December 31, 2006 to $83.9 million at December 31, 2007, reflecting approximately $19.8 million provided by operating activities, offset by approximately $6.5 million used in investing activities (primarily as a result of the redesignation of the Columbia Portfolio funds of $25.7 million from a cash equivalent to an investment, $11.8 million used for purchases of marketable securities and $9.2 million used for the purchase of property, plant and equipment offset, in part, by $26.7 million from the sale of marketable securities and $11.3 million from the sale of property, plant and equipment) and approximately $6.6 million used in financing activities (principally reflecting $5.7 million for the repurchase of the Company’s common stock and $2.5 million for payments of dividends, partially offset by $1.5 million provided by the exercise of stock options).

Cash and cash equivalents, marketable securities, short-term investments and accounts receivable comprised approximately 64.7% and 53.0% of the Company's total assets at December 31, 2009 and December 31, 2008, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 7.0 to 1 and 6.5 to 1 at December 31, 2009 and December 31, 2008, respectively.

Accounts receivable, net of allowances, were $34.8 million at December 31, 2009, as compared with $46.0 million at December 31, 2008. The decrease in accounts receivable is primarily due to a 16.2% decrease in fourth quarter sales for 2009 as compared to 2008 in addition to a decrease in the Company’s days sales outstanding (DSO) from 73 days at December 31, 2008 to 62 days at December 31, 2009. Marketable securities decreased by $13.7 million as a result of Bel’s sales of its investments in Power-One and Toko common stocks for an aggregate fair market value of $17.7 million, offset by purchases of $3.5 million of marketable securities. Short-term investments were $4.0 million lower at December 31, 2009 as compared to 2008, as the remainder of this investment was liquidated during 2009. Inventories were $31.8 million at December 31, 2009, as compared with $46.5 million at December 31, 2008. The decrease in inventory levels was primarily related to an $11.5 million reduction in finished goods inventory as compared to December 31, 2008, due to lower customer demand for Bel’s products during most of 2009. Accounts payable was $17.2 million at December 31, 2009 as compared to $14.3 million at December 31, 2008, as the Company has hired additional workers in order to meet an upturn in customer demand and purchased raw materials to accommodate the resulting increase in production.

The following table sets forth at December 31, 2009 the amounts of payments due under specific types of contractual obligations, aggregated by category of contractual obligation, for the time periods described below. This table excludes liabilities recorded relative to uncertain income tax positions, amounting to $1.8 million included in income taxes payable and $2.9 million included in liability for uncertain tax positions, as of December 31, 2009, as the Company is unable to make reasonable reliable estimates of the period of cash settlements, if any, with the respective taxing authorities.

		Payments due by period			
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Capital expenditure obligations	$ 1,442	$ 1,442	$ -	$ -	$ -
Operating leases	4,784	1,977	2,174	605	28
Raw material purchase obligations	19,949	19,949	-	-	-
Total	$ 26,175	$ 23,368	$ 2,174	$ 605	$ 28

The Company is required to pay SERP obligations at the occurrence of certain events. As of December 31, 2009, $5.6 million is included in long-term liabilities as an unfunded pension obligation on the Company’s consolidated balance sheet. Included in other assets at December 31, 2009 is the cash surrender value of company-owned life insurance and marketable securities held in a Rabbi trust with an aggregate value of $6.4 million, which has been designated by the Company to be utilized to fund the Company’s SERP obligations.

Other Matters

The Company believes that it has sufficient cash reserves to fund its foreseeable working capital needs. It may, however, seek to expand such resources through bank borrowings, at favorable lending rates, from time to time. If the Company were to undertake a substantial acquisition for cash, the acquisition would either be funded with cash on hand or would be financed in part through bank borrowings or the issuance of public or private debt or equity. If the Company borrows money to finance acquisitions, this would likely decrease the Company's ratio of earnings to fixed charges and adversely affect other leverage criteria and could result in the imposition of material restrictive covenants. Under its existing credit facility, the Company is required to obtain its lender's consent for certain additional debt financing, to comply with other covenants including the application of specific financial ratios, and may be restricted from paying cash dividends on its common stock. The Company cannot assure that the necessary acquisition financing would be available to it on acceptable terms, or at all, when required. If the Company issues a substantial amount of stock either as consideration in an acquisition or to finance an acquisition, such issuance may dilute existing stockholders and may take the form of capital stock having preferences over its existing common stock.

New Financial Accounting Standards

During 2009, the Company adopted the revised accounting guidance related to business combinations. This guidance requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the literature. In accordance with this guidance, acquisition-related costs, including restructuring costs, must be recognized separately from the acquisition and will generally be expensed as incurred. That replaces the cost-allocation process detailed in previous accounting literature, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. The Company implemented this new guidance effective January 1, 2009 and, as a result, a total of $0.6 million in acquisition-related costs were charged to selling, general and administrative expense during 2009.

During 2009, the Company implemented an update to the accounting guidance related to earnings per share. In accordance with this accounting guidance, unvested share-based payment awards with rights to dividends are participating securities and shall be included in the computation of basic earnings per share. The Company adopted this guidance effective January 1, 2009 and in accordance with the accounting guidance, all prior-period earnings per share data presented has been adjusted retrospectively to conform to the provisions of the new guidance. This adjustment did not have a material impact on prior periods presented.

The FASB has published an update to the accounting guidance on fair value measurements and disclosures as it relates to investments in certain entities that calculate net asset value per share (or its equivalent). This accounting guidance permits a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This update also requires new disclosures, by major category of investments, about the attributes of investments included within the scope of this amendment to the Codification. The guidance in this update is effective for interim and annual periods ending after December 15, 2009. The Company does not expect the adoption of this standard to have a material impact on the Company's results of operations, financial condition or cash flows.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Fair Value of Financial Instruments — The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

The Company has not entered into, and does not expect to enter into, financial instruments for trading or hedging purposes. The Company does not currently anticipate entering into interest rate swaps and/or similar instruments.

The Company's carrying values of cash, marketable securities, accounts receivable, accounts payable and accrued expenses are a reasonable approximation of their fair value.

The Company enters into transactions denominated in U.S. Dollars, Hong Kong Dollars, the Chinese Renminbi, Euros, British Pounds, the Czech Koruna and other European currencies. Fluctuations in the U.S. dollar exchange rate against these currencies could significantly impact the Company's consolidated results of operations.

The Company believes that a change in interest rates of 1% or 2% would not have a material effect on the Company's consolidated statement of operations or balance sheet.

Item 8. Financial Statements and Supplementary Data

See the consolidated financial statements listed in the accompanying Index to Consolidated Financial Statements for the information required by this item.

BEL FUSE INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Bel Fuse Inc.
Jersey City, New Jersey

We have audited the accompanying consolidated balance sheets of Bel Fuse Inc. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15. We also have audited the Company's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bel Fuse Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule of Bel Fuse Inc. and subsidiaries, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

DELOITTE & TOUCHE LLP

New York, New York
March 12, 2010

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share and per share data)

	December 31, 2009	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 124,231	$ 74,955
Marketable securities	2	13,735
Short-term investments	-	4,013
Accounts receivable - less allowance for doubtful accounts of $596 and $660 at December 31, 2009 and December 31, 2008, respectively	34,783	46,047
Inventories	31,791	46,524
Prepaid expenses and other current assets	953	859
Refundable income taxes	3,255	2,498
Assets held for sale	-	236
Deferred income taxes	815	4,752
Total Current Assets	195,830	193,619
Property, plant and equipment - net	35,943	39,936
Restricted cash	250	2,309
Long-term investments	-	1,062
Deferred income taxes	4,516	5,205
Intangible assets - net	551	926
Goodwill	1,957	14,334
Other assets	6,899	4,393
TOTAL ASSETS	$ 245,946	$ 261,784

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(dollars in thousands, except share and per share data)

	December 31, 2009	December 31, 2008
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 17,194	$ 14,285
Accrued expenses	7,991	9,953
Accrued restructuring costs	156	555
Income taxes payable	1,863	4,054
Dividends payable	793	787
Total Current Liabilities	27,997	29,634
Long-term Liabilities:		
Accrued restructuring costs	508	406
Deferred gain on sale of property	-	4,616
Liability for uncertain tax positions	2,887	3,445
Minimum pension obligation and unfunded pension liability	5,622	5,910
Total Long-term Liabilities	9,017	14,377
Total Liabilities	37,014	44,011
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, no par value, authorized 1,000,000 shares; none issued	-	-
Class A common stock, par value $.10 per share - authorized 10,000,000 shares; outstanding 2,174,912 and 2,180,982 shares, respectively (net of 1,072,769 treasury shares)	217	218
Class B common stock, par value $.10 per share - authorized 30,000,000 shares; outstanding 9,464,343 and 9,369,893 shares, respectively (net of 3,218,307 treasury shares)	946	937
Additional paid-in capital	21,663	19,963
Retained earnings	185,014	196,467
Accumulated other comprehensive income	1,092	188
Total Stockholders' Equity	208,932	217,773
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 245,946	$ 261,784

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except share and per share data)

	Years Ended December 31,		
	2009	2008	2007
Net Sales	$ 182,753	$ 258,350	$ 259,137
Costs and expenses:			
Cost of sales	161,454	217,079	203,007
Selling, general and administrative	30,055	36,093	36,117
Impairment of assets	12,875	14,805	-
Restructuring charges	413	1,122	-
Gain on sale of property, plant and equipment	(4,693)	-	(5,499)
	200,104	269,099	233,625
(Loss) income from operations	(17,351)	(10,749)	25,512
Gain (loss/impairment charge) on investment	7,129	(10,358)	2,146
Interest income and other, net	527	2,454	4,046
(Loss) earnings before (benefit) provision for income taxes	(9,695)	(18,653)	31,704
Income tax (benefit) provision	(1,385)	(3,724)	5,368
Net (loss) earnings	$ (8,310)	$ (14,929)	$ 26,336
(Loss) earnings per Class A common share			
Basic	$ (0.71)	$ (1.25)	$ 2.11
Diluted	$ (0.71)	$ (1.25)	$ 2.11
Weighted average Class A common shares outstanding			
Basic	2,175,322	2,391,088	2,637,409
Diluted	2,175,322	2,391,088	2,637,409
(Loss) earnings per Class B common share			
Basic	$ (0.72)	$ (1.28)	$ 2.25
Diluted	$ (0.72)	$ (1.28)	$ 2.24
Weighted average Class B common shares outstanding			
Basic	9,363,199	9,350,747	9,244,198
Diluted	9,363,199	9,350,747	9,266,016

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands)

	Total	Comprehensive Income (Loss)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance, January 1, 2007	$ 222,150		$ 190,953	$ (1,816)	$ 270	$ 917	$ 31,826
Exercise of stock options	1,452					6	1,446
Tax benefits arising from the disposition of non-qualified incentive stock options	149						149
Cash dividends declared on Class A common stock	(534)		(534)				
Cash dividends declared on Class B common stock	(2,175)		(2,175)				
Issuance of restricted common stock	-					7	(7)
Termination of restricted common stock	-					(1)	1
Repurchase/retirement of Class A common stock	(5,733)				(15)		(5,718)
Currency translation adjustment	960	$ 960		960			
Unrealized holding gains on marketable securities arising during the year, net of taxes of $1,275	2,077	2,077		2,077			
Reclassification adjustment for gains included in net earnings, net of taxes of ($1,261)	(2,058)	(2,058)		(2,058)			
Stock-based compensation expense	1,410						1,410
Change in unfunded SERP liability, net of taxes of $204	493	493		493			
Net earnings	26,336	26,336	26,336				
Comprehensive income		$ 27,808					
Balance, December 31, 2007	$ 244,527		$ 214,580	$ (344)	$ 255	$ 929	$ 29,107
Exercise of stock options	$ 312					$ 3	$ 309
Tax benefits arising from the disposition of non-qualified incentive stock options	39						39
Cash dividends declared on Class A common stock	(565)		$ (565)				
Cash dividends declared on Class B common stock	(2,619)		(2,619)				
Issuance of restricted common stock	-					6	(6)
Termination of restricted common stock	-					(1)	1
Repurchase/retirement of Class A common stock	(11,002)				$ (37)		(10,965)
Currency translation adjustment	(355)	$ (355)		$ (355)			
Unrealized holding losses on marketable securities arising during the year, net of taxes of ($2,591)	(4,230)	(4,230)		(4,230)			
Reclassification adjustment of unrealized holding losses for impairment charge included in net loss, net of taxes of $3,402	5,551	5,551		5,551			
Stock-based compensation expense	1,478						1,478
Change in unfunded SERP liability, net of taxes of ($123)	(434)	(434)		(434)			
Net loss	(14,929)	(14,929)	(14,929)				
Comprehensive loss		$ (14,397)					
Balance, December 31, 2008	$ 217,773		$ 196,467	$ 188	$ 218	$ 937	$ 19,963

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands)

	Total	Comprehensive Loss	Retained Earnings	Accumulated Other Comprehensive Income	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital (APIC)
Balance, December 31, 2008	$ 217,773		$ 196,467	$ 188	$ 218	$ 937	$ 19,963
Cash dividends declared on Class A common stock	(521)		(521)				
Cash dividends declared on Class B common stock	(2,622)		(2,622)				
Issuance of restricted common stock	-					14	(14)
Termination of restricted common stock	-					(2)	2
Repurchase/retirement of Class A common stock	(92)				(1)		(91)
Currency translation adjustment	43	$ 43		43			
Unrealized holding gains on marketable securities arising during the year, net of taxes of $2,648	4,321	4,321		4,321			
Reclassification adjustment of unrealized holding gains included in net earnings, net of taxes of ($2,629)	(4,289)	(4,289)		(4,289)			
Reduction in APIC pool associated with tax deficiencies related to restricted stock awards	(287)						(287)
Unauthorized issuance of common stock	812						812
Return of unauthorized shares of common stock	(456)					(3)	(453)
Stock-based compensation expense	1,731						1,731
Change in unfunded SERP liability, net of taxes of $264	829	829		829			
Net loss	(8,310)	(8,310)	(8,310)				
Comprehensive loss		$ (7,406)					
Balance, December 31, 2009	$ 208,932		$ 185,014	$ 1,092	$ 217	$ 946	$ 21,663

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net (loss) earnings	$ (8,310)	$ (14,929)	$ 26,336
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:			
Depreciation and amortization	6,778	7,443	7,921
Stock-based compensation	1,731	1,478	1,465
Restructuring charges, net of cash payments	(297)	961	-
Excess tax benefits from share-based payment arrangements	-	(39)	(149)
Gain on sale of property, plant and equipment	(4,693)	-	(5,499)
Realized (gain) loss/impairment charge on investment	(7,129)	10,358	(2,146)
Impairment of assets	12,875	14,805	-
Other, net	807	1,565	207
Deferred income taxes	4,004	(3,616)	(2,039)
Changes in operating assets and liabilities (see below)	23,392	(7,737)	(6,250)
Net Cash Provided by Operating Activities	29,158	10,289	19,846
Cash flows from investing activities:			
Purchase of property, plant and equipment	(2,357)	(6,887)	(9,169)
Purchase of intangible asset	(99)	(300)	(100)
Purchase of marketable securities	(3,545)	(18,970)	(11,801)
Payment for acquisition	(454)	-	-
Cash transferred to restricted cash	(250)	-	-
Redesignation of marketable security to cash equivalent	-	2,000	-
Redesignation of cash equivalent to investment (Note 3)	-	-	(25,684)
Proceeds from sale of marketable securities	20,592	-	26,647
Proceeds from sale of property, plant and equipment	2,639	2,272	11,332
Proceeds from cash surrender value of company-owned life insurance	1,518	-	-
Redemption of investment	5,286	16,600	2,284
Net Cash Provided by (Used In) Investing Activities	23,330	(5,285)	(6,491)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(dollars in thousands)

	Year Ended December 31,		
	2009	2008	2007
Cash flows from financing activities:			
Proceeds from exercise of stock options	$ -	$ 312	$ 1,452
Dividends paid to common shareholders	(3,137)	(3,192)	(2,473)
Purchase and retirement of Class A common stock	(92)	(11,002)	(5,733)
Excess tax benefits from share-based payment arrangements	-	39	149
Net Cash Used In Financing Activities	(3,229)	(13,843)	(6,605)
Effect of exchange rate changes on cash	17	(81)	364
Net Increase (Decrease) in Cash and Cash Equivalents	49,276	(8,920)	7,114
Cash and Cash Equivalents - beginning of period	74,955	83,875	76,761
Cash and Cash Equivalents - end of period	$ 124,231	$ 74,955	$ 83,875
Changes in operating assets and liabilities consist of:			
Decrease (increase) in accounts receivable	$ 11,297	$ 6,010	$ (7,934)
Decrease (increase) in inventories	14,763	(7,585)	7,482
(Increase) decrease in prepaid expenses and other current assets	(92)	579	(1)
Decrease (increase) in other assets	76	(20)	(1,135)
Increase (decrease) in accounts payable	2,905	(1,842)	(1,184)
Decrease in income taxes payable	(3,510)	(2,743)	(3,194)
Decrease in accrued expenses	(2,047)	(2,136)	(284)
	$ 23,392	$ (7,737)	$ (6,250)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
(dollars in thousands)

	Year Ended December 31,		
	2009	2008	2007
Supplementary information:			
Cash (received) paid during the year for:			
Income taxes	$ (1,909)	$ 2,606	$ 10,809
Interest	2	4	-
Details of acquisition:			
Fair value of assets acquired	$ 25	$ -	$ -
Goodwill	468	-	-
	493		
Amount held back on acquisition payment	$ (39)	-	-
Cash paid for acquisition	$ 454	$ -	$ -

See notes to consolidated financial statements.

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 and 2007

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bel Fuse Inc. and subsidiaries (“Bel” or the “Company”) operate in one industry with three geographic operating segments and are engaged in the design, manufacture and sale of products used in local area networking, telecommunication, business equipment and consumer electronic applications. The Company manages its operations geographically through its three reportable operating segments: North America, Asia and Europe. Sales are predominantly in North America, Asia and Europe.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, including businesses acquired since their respective dates of acquisition. All intercompany transactions and balances have been eliminated.

USE OF ESTIMATES - The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in determining such items as accruals, depreciable/useful lives, allowance for doubtful accounts, testing for impairment of goodwill and intangible assets, stock-based compensation, income taxes, postretirement benefit plan assumptions and other reserves. Actual results could differ from those estimates.

CASH EQUIVALENTS - Cash equivalents include short-term investments in money market funds and certificates of deposit with an original maturity of three months or less when purchased.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - The Company maintains allowances for doubtful accounts for estimated losses from the inability of its customers to make required payments. The Company determines its reserves by both specific identification of customer accounts where appropriate and the application of historical loss experience to non-specific accounts. As of December 31, 2009 and 2008, the Company had an allowance for doubtful accounts of $0.6 million and $0.7 million, respectively. While historical loss experience is utilized in determining the Company’s allowance for doubtful accounts, the Company believes this factor may not by itself provide an accurate depiction of future losses, given the current economic conditions. If the financial condition of the Company's customers were to deteriorate, to the extent that their ability to make payments is impaired, additional allowances may be required.

MARKETABLE SECURITIES - - The Company generally classifies its equity securities as "available for sale" and, accordingly, reflects unrealized gains and losses, net of deferred income taxes, as a component of accumulated other comprehensive income. The Company periodically reviews its marketable securities and determines whether the investments are other-than-temporarily impaired. If the investments are deemed to be other-than-temporarily impaired, the investments are written down to their then current fair market value. During the years ended December 31, 2008 and 2007, the Company recorded impairment charges and realized losses of $10.4 million and $0.3 million, respectively, related to certain of its investments. See Note 3 for further discussion regarding these impairment charges.

The fair values of marketable securities are based on quoted market prices. Realized gains or losses from the sale of marketable securities are based on the specific identification method. During the year ended December 31, 2009, the Company recorded net realized gains on its investments in the amount of $7.1 million.

BUSINESS COMBINATIONS – During 2009, the Company adopted the revised accounting guidance related to business combinations. This guidance requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the literature. In accordance with this guidance, acquisition-related costs, including restructuring costs, must be recognized separately from the acquisition and will generally be expensed as incurred. That replaces the cost-allocation process detailed in previous accounting literature, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. The Company implemented this new guidance effective January 1, 2009 and, as a result, a total of $0.6 million in acquisition-related costs were charged to selling, general and administrative expense during 2009.

FOREIGN CURRENCY TRANSLATION - The functional currency for some foreign operations is the local currency. Assets and liabilities of foreign operations are translated at exchange rates as of the balance sheet date, and income, expense and cash flow items are translated at the average exchange rate for the applicable period. Translation adjustments are recorded in other comprehensive income. The U.S. Dollar is used as the functional currency for certain foreign operations that conduct their business in U.S. Dollars. Realized and unrealized foreign currency losses were $0.6 million for the year ended December 31, 2008 and have been expensed as a component of cost of sales or selling, general and administrative expense, as applicable, in the consolidated statement of operations. Realized and unrealized foreign currency gains (losses) for the years ended December 31, 2009 and 2007 were less than $0.1 million.

CONCENTRATION OF CREDIT RISK - Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and temporary cash investments. The Company grants credit to customers that are primarily original equipment manufacturers and to subcontractors of original equipment manufacturers based on an evaluation of the customer's financial condition, without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company controls its exposure to credit risk through credit approvals, credit limits and monitoring procedures and establishes allowances for anticipated losses.

The Company places its temporary cash investments with quality financial institutions and commercial issuers of short-term paper and, by policy, limits the amount of credit exposure in any one financial instrument. In December 2007, the Company was notified that a $25.7 million investment in the Columbia Strategic Cash Portfolio was being liquidated and the fund was converting from a fixed net asset value (NAV) to a floating NAV. As a result, the Company has recorded impairment charges of $1.2 million and $0.3 million related to this investment during the years ended December 31, 2008 and 2007, respectively. The Company did not record any additional impairment charges related to this investment during 2009 and the fund was fully liquidated by December 31, 2009. See Note 3 for additional information regarding this investment.

INVENTORIES - Inventories are stated at the lower of weighted average cost or market.

REVENUE RECOGNITION – Revenue is recognized when the product has been delivered and title and risk of loss has passed to the customer, collection of the resulting receivable is deemed reasonably assured by management, persuasive evidence of an arrangement exists and the sales price is fixed and determinable. Substantially all of the Company's shipments are FCA (free carrier), which provides for title to pass upon delivery to the customer's freight carrier. Some product is shipped DDP/DDU with title passing when the product arrives at the customer's dock. DDP is defined as Delivered Duty Paid by the Company and DDU is Delivered Duty Unpaid by the Company.

For certain customers, the Company provides consigned inventory, either at the customer’s facility or at a third party warehouse. Sales of consigned inventory are recorded when the customer withdraws inventory from consignment**.** During all periods in 2009, 2008 and 2007, inventory on consignment was immaterial.

The Company typically has a twelve-month warranty policy for workmanship defects. In June 2007, the Company established a warranty accrual related to certain defective parts sold to a customer primarily within the same quarter, which the Company is replacing, in the amount of approximately $1.2 million, which included a $0.4 million inventory write off of inventory on hand. Such accrual has been classified within cost of sales. As of December 31, 2008, the Company had a remaining warranty accrual related to these defective parts in the amount of $0.3 million. This liability was utilized in 2009. As the Company has not historically had significant warranty claims, no general reserves for warranties have been established.

The Company is not contractually obligated to accept returns except for defective product or in instances where the product does not meet the customer's quality specifications. However, the Company may permit its customers to return product for other reasons. In these instances, the Company would generally require a significant cancellation penalty payment by the customer. The Company estimates such returns, where applicable, based upon management's evaluation of historical experience, market acceptance of products produced and known negotiations with customers. Such estimates are deducted from sales and provided for at the time revenue is recognized.

GOODWILL – Goodwill is tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company tests goodwill for impairment, and has established December 31 as the annual impairment test date, using a fair value approach at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment for which discrete financial information is available and reviewed regularly by management. Assets and liabilities of the Company have been assigned to the reporting units to the extent they are employed in or are considered a liability related to the operations of the reporting unit and are considered in determining the fair value of the reporting unit. The Company has determined that its reportable operating segments are its reporting units.

The goodwill impairment test is a two-step process. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares implied fair value of the reporting unit's goodwill (i.e., fair value of the reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets) with the carrying amount of that goodwill. If the carrying value of goodwill exceeds its implied fair value, the excess is required to be recorded as an impairment. See Note 2 of the consolidated financial statements.

DEPRECIATION - Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated primarily using the straight-line method over the estimated useful life of the asset. The estimated useful lives primarily range from 3 to 39 years for buildings and leasehold improvements, and from 3 to 11 years for machinery and equipment.

INCOME TAXES - The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more-likely-than-not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the Company were to determine that it would be able to realize its deferred income tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

The Company establishes reserves for tax contingencies when, despite the belief that the Company's tax return positions are fully supported, it is probable that certain positions may be challenged and may not be fully sustained. The tax contingency reserves are analyzed on a quarterly basis and adjusted based upon changes in facts and circumstances, such as the conclusion of federal and state audits, expiration of the statute of limitations for the assessment of tax, case law and emerging legislation. The Company's effective tax rate includes the effect of tax contingency reserves and changes to the reserves as considered appropriate by management.

(LOSS) EARNINGS PER SHARE – The Company utilizes the two-class method to report its (loss) earnings per share. The two-class method is a (loss) earnings allocation formula that determines (loss) earnings per share for each class of common stock according to dividends declared and participation rights in undistributed (loss) earnings. The Company's Certificate of Incorporation, as amended, states that Class B common shares are entitled to dividends at least 5% greater than dividends paid to Class A common shares, resulting in the two-class method of computing (loss) earnings per share. In computing (loss) earnings per share, the Company has allocated dividends declared to Class A and Class B based on amounts actually declared for each class of stock and 5% more of the undistributed (loss) earnings have been allocated to Class B shares than to the Class A shares on a per share basis. Basic (loss) earnings per common share are computed by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per common share, for each class of common stock, are computed by dividing net (loss) earnings by the weighted average number of common shares and potential common shares outstanding during the period. As the Company experienced a loss during the years ended December 31, 2009 and 2008, all potential common shares were deemed antidilutive and as such, were not included in the computation of diluted loss per share. During the year ended December 31, 2007, potential common shares used in computing diluted earnings per share relate to stock options for Class A and B common shares which, if exercised, would have a dilutive effect on earnings per share.

The (loss) earnings and weighted average shares outstanding used in the computation of basic and diluted (loss) earnings per share are as follows (dollars in thousands, except share and per share data):

	2009	2008	2007
Numerator:			
Net (loss) earnings	$ (8,310)	$ (14,929)	$ 26,336
Less Dividends declared:			
Class A	521	565	534
Class B	2,622	2,619	2,217
Undistributed (loss) earnings	$ (11,453)	$ (18,113)	$ 23,585
Undistributed (loss) earnings allocation - basic:			
Class A undistributed (loss) earnings	$ (2,075)	$ (3,547)	$ 5,039
Class B undistributed (loss) earnings	(9,378)	(14,566)	18,546
Total undistributed (loss) earnings	$ (11,453)	$ (18,113)	$ 23,585
Undistributed (loss) earnings allocation - diluted:			
Class A undistributed (loss) earnings	$ (2,075)	$ (3,547)	$ 5,030
Class B undistributed (loss) earnings	(9,378)	(14,566)	18,555
Total undistributed (loss) earnings	$ (11,453)	$ (18,113)	$ 23,585
Net (loss) earnings allocation - basic:			
Class A undistributed (loss) earnings	$ (1,554)	$ (2,982)	$ 5,573
Class B undistributed (loss) earnings	(6,756)	(11,947)	20,763
Net (loss) earnings	$ (8,310)	$ (14,929)	$ 26,336
Net (loss) earnings allocation - diluted:			
Class A undistributed (loss) earnings	$ (1,554)	$ (2,982)	$ 5,564
Class B undistributed (loss) earnings	(6,756)	(11,947)	20,772
Net (loss) earnings	$ (8,310)	$ (14,929)	$ 26,336
Denominator:			
Weighted average shares outstanding:			
Class A - basic and diluted	2,175,322	2,391,088	2,637,409
Class B - basic	9,363,199	9,350,747	9,244,198
Dilutive impact of stock options and unvested restricted stock awards	-	-	21,818
Class B - diluted	9,363,199	9,350,747	9,266,016
(Loss) earnings per share:			
Class A - basic	$ (0.71)	$ (1.25)	$ 2.11
Class A - diluted	$ (0.71)	$ (1.25)	$ 2.11
Class B - basic	$ (0.72)	$ (1.28)	$ 2.25
Class B - diluted	$ (0.72)	$ (1.28)	$ 2.24

During 2009, the Company implemented an update to the accounting guidance related to earnings per share. In accordance with this accounting guidance, unvested share-based payment awards with rights to dividends are participating securities and shall be included in the computation of basic earnings per share. The Company adopted this guidance effective January 1, 2009 and in accordance with the accounting guidance, all prior-period earnings per share data presented have been adjusted retrospectively to conform to the provisions of the new guidance. This adjustment did not have a material impact on prior periods presented.

As the Company experienced a loss during the years ended December 31, 2009 and 2008, a weighted average of 42,249 and 55,660 outstanding stock options, respectively, were not included in the calculation of diluted loss per share of Class B common shares for the years ended December 31, 2009 and 2008 as their effect would be antidilutive. During the year ended December 31, 2007, 14,000 outstanding options were not included in the foregoing computations for Class B common shares because they were antidilutive.

STOCK-BASED COMPENSATION – The Company has one stock-based compensation plan under which both incentive stock-options and restricted stock awards are granted to employees and directors. The aggregate pretax compensation cost recognized for stock-based compensation (including incentive stock options, restricted stock and dividends on restricted stock, as further discussed below) amounted to approximately $1.7 million, $1.5 million and $1.5 million for the years ended December 31, 2009, 2008 and 2007, respectively.

During the years ended December 31, 2009, 2008 and 2007, the Company issued 141,300, 56,300 and 74,200 class B common shares, respectively, under a restricted stock plan to various employees and directors. No options were granted during the years ended December 31, 2009, 2008 and 2007.

RESEARCH AND DEVELOPMENT - The Company's engineering groups are strategically located around the world to facilitate communication with and access to customers' engineering personnel. This collaborative approach enables partnerships with customers for technical development efforts. On occasion, Bel executes non-disclosure agreements with customers to help develop proprietary, next generation products destined for rapid deployment.

Research and development costs are expensed as incurred, and are included in cost of sales. Generally, research and development is performed internally for the benefit of the Company. Research and development costs include salaries, building maintenance and utilities, rents, materials, administration costs and miscellaneous other items. Research and development expenses for the years ended December 31, 2009, 2008 and 2007 amounted to $7.8 million, $7.4 million and $7.2 million, respectively, and are included in cost of sales in the accompanying consolidated statements of operations.

EVALUATION OF LONG-LIVED ASSETS – Property, plant and equipment represents an important component of the Company's total assets. The Company depreciates its property, plant and equipment on a straight-line basis over the estimated useful lives of the assets. Management reviews long-lived assets for potential impairment whenever significant events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment exists when the estimated undiscounted cash flows expected to result from the use of an asset and its eventual disposition are less than its carrying amount. If an impairment exists, the resulting write-down would be the difference between fair market value of the long-lived asset and the related net book value. As the Company ceased its manufacturing operations in its Westborough, Massachusetts facility as of December 31, 2008, the fixed assets related to that facility were evaluated for impairment. Based on the results of this analysis, the Company recorded a $0.7 million impairment charge related to these fixed assets during the fourth quarter of 2008.

FAIR VALUE OF FINANCIAL INSTRUMENTS - For financial instruments, including cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued expenses, the carrying amount approximates fair value because of the short maturities of such instruments.

NEW FINANCIAL ACCOUNTING STANDARDS

During 2009, the Company adopted the revised accounting guidance related to business combinations. This guidance requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the literature. In accordance with this guidance, acquisition-related costs, including restructuring costs, must be recognized separately from the acquisition and will generally be expensed as incurred. That replaces the cost-allocation process detailed in previous accounting literature, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. The Company implemented this new guidance effective January 1, 2009 and, as a result, a total of $0.6 million in acquisition-related costs were charged to selling, general and administrative expense during 2009.

During 2009, the Company implemented an update to the accounting guidance related to earnings per share. In accordance with this accounting guidance, unvested share-based payment awards with rights to dividends are participating securities and shall be included in the computation of basic earnings per share. The Company adopted this guidance effective January 1, 2009 and in accordance with the accounting guidance, all prior-period earnings per share data presented has been adjusted retrospectively to conform to the provisions of the new guidance. This adjustment did not have a material impact on prior periods presented.

The FASB has published an update to the accounting guidance on fair value measurements and disclosures as it relates to investments in certain entities that calculate net asset value per share (or its equivalent). This accounting guidance permits a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This update also requires new disclosures, by major category of investments, about the attributes of investments included within the scope of this amendment to the Codification. The guidance in this update is effective for interim and annual periods ending after December 15, 2009. The Company does not expect the adoption of this standard to have a material impact on the Company's results of operations, financial condition or cash flows.

2. GOODWILL AND OTHER INTANGIBLES

Goodwill represents the excess of the purchase price and related acquisition costs over the value assigned to the net tangible and other intangible assets with finite lives acquired in a business acquisition.

Other intangibles include patents, product information, license agreements and supply agreements. Amounts assigned to these intangibles have been determined by management. Management considered a number of factors in determining the allocations, including valuations and independent appraisals. Other intangibles are being amortized over 1 to 10 years. Amortization expense was $0.5 million, $0.5 million and $0.8 million for the years ended December 31, 2009, 2008 and 2007, respectively.

The changes in the carrying value of goodwill classified by geographic reporting units, net of accumulated amortization, for the years ended December 31, 2009 and 2008 are as follows (dollars in thousands):

	Total	Asia	North America	Europe
Balance, January 1, 2008	$ 28,447	$ 12,407	$ 14,066	$ 1,974
Impairment charge	(14,066)	-	(14,066)	-
Foreign exchange	(47)	-	-	(47)
Balance, December 31, 2008	14,334	12,407	-	1,927
Goodwill allocation related to acquisition	468	468	-	-
Impairment charge	(12,875)	(12,875)	-	-
Foreign exchange	30	-	-	30
Balance, December 31, 2009	$ 1,957	$ -	$ -	$ 1,957

The net goodwill balances above are comprised of the following (dollars in thousands):

	Total	Asia	North America	Europe
As of December 31, 2008:				
Goodwill balance, gross	$ 28,400	$ 12,407	$ 14,066	$ 1,927
Accumulated impairment charges	(14,066)	-	(14,066)	-
Goodwill, net of impairment charges	$ 14,334	$ 12,407	$ -	$ 1,927
As of December 31, 2009:				
Goodwill balance, gross	$ 28,898	$ 12,875	$ 14,066	$ 1,957
Accumulated impairment charges	(26,941)	(12,875)	(14,066)	-
Goodwill, net of impairment charges	$ 1,957	$ -	$ -	$ 1,957

For the interim goodwill impairment assessment performed as of August 31, 2009 and the annual goodwill impairment assessment performed in 2008, the Company's fair value analysis was supported by a weighting of two generally accepted valuation approaches, including the income approach and the market approach, as further described below. These approaches include numerous assumptions with respect to future circumstances, such as industry and/or local market conditions that might directly impact each of the operating segment's operations in the future, and are therefore uncertain. These approaches are utilized to develop a range of fair values and a weighted average of these approaches is utilized to determine the best fair value estimate within that range.

Detailed below is a table of key underlying assumptions utilized in the fair value estimate calculation for the interim test performed as of August 31, 2009 as compared to those assumptions utilized during the 2008 annual valuation. Assumptions may vary by reporting unit. The table below shows the range of assumptions utilized across the various reporting units.

	Goodwill Impairment Analysis Key Assumptions	
	2009 - Interim	2008 - Annual
Income Approach - Discounted Cash Flows:		
Revenue growth rates	8.8% - 18.7%	(8.9%) - 10.3%
Cost of equity capital	13.8% - 14.8%	13.0% - 13.6%
Cost of debt capital	6.0% - 6.2%	4.9% - 7.7%
Weighted average cost of capital	12.6% - 13.4%	11.0% - 13.3%
Market Approach - Multiples of Guideline Companies (a):		
EBIT multiples used	7.9 - 8.9	6.0 - 10.7
EBITDA multiples used	6.3 - 7.1	5.0 - 7.5
DFNI multiples used	12.2 - 13.7	9.3 - 13.5
DFCF multiples used	8.7 - 11.0	6.4 - 7.4
Control premium (b)	16.2% - 32.0%	27.5% - 31.7%
Weighting of Valuation Methods:		
Income Approach - Discounted Cash Flows	75%	75%
Market Approach - Multiples of Guideline Companies	25%	25%

Definitions:
EBIT - Earnings before interest and taxes
EBITDA - Earnings before interest, taxes, depreciation and amortization
DFNI - Debt-free net income
DFCF - Debt-free cash flow

(a) Multiple range reflects multiples used throughout the North America, Asia and Europe reporting units
(b) Determined based on the industry mean control premium as published each year in MergerStat Review

The interim impairment test related to the Company's goodwill was performed by reporting unit. The valuation test, which heavily weights future cash flow projections, indicated that the goodwill associated with the Company's Asia reporting unit was fully impaired and, as a result, the Company recorded an impairment charge of $12.9 million during the third quarter of 2009. The Company's goodwill associated with its Asia reporting unit originated from several of Bel's prior acquisitions, primarily e-Power, APC and Lucent (which represented $8.0 million, $2.0 million and $1.5 million, respectively, of the carrying value of goodwill at the testing date). The annual goodwill impairment test performed during the fourth quarter of 2008 indicated that the goodwill associated with our North America operating segment was fully impaired as of the valuation date. The reduced expected future cash flows in North America was related to a combination of the ending of a certain product's life cycle and an overall reduction in future sales projections given the economic conditions at that time. As a result, the Company recorded a goodwill impairment charge of $14.1 million during the fourth quarter of 2008. The carrying value of the Company's goodwill was $14.3 million at December 31, 2008. The remaining goodwill as of December 31, 2009 has a carrying value of $2.0 million and relates solely to the Company's Europe reporting unit. Management determined that the fair value of the remaining goodwill at December 31, 2009 exceeded its carrying value and that no additional impairment existed as of that date.

The components of intangible assets other than goodwill are as follows (dollars in thousands):

	December 31, 2009		December 31, 2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and Product Information	$ 1,231	$ 764	$ 1,132	$ 656
Customer relationships	1,830	1,746	1,830	1,380
	$ 3,061	$ 2,510	$ 2,962	$ 2,036

During the years ended December 31, 2009 and 2008, the Company acquired intangible assets related to customer licensing agreements in the amount of $0.1 million and $0.3 million, respectively. At the time of acquisition, these intangible assets had a weighted average estimated life of 16 months and 34 months, respectively.

Estimated amortization expense for intangible assets for the next five years is as follows (dollars in thousands):

Year Ending December 31,	Amortization Expense
2010	$ 228
2011	54
2012	33
2013	33
2014	33

3. MARKETABLE SECURITIES AND OTHER INVESTMENTS

At December 31, 2008, the Company's marketable securities had an adjusted cost basis of $13.7 million, which approximated fair value. These marketable securities related primarily to the Company's investments in Toko, Inc. ("Toko") and Power-One, Inc. ("Power-One"), as further described below. During 2009, the Company sold its investments in both Toko and Power-One and recorded an aggregate net gain on these sales of $6.9 million during the year ended December 31, 2009. The Company has an immaterial amount of marketable securities as of December 31, 2009. At December 31, 2008, the Company had an other investment related to its investment in the Columbia Strategic Cash Portfolio (the "Columbia Portfolio") with a carrying amount of $5.1 million, which approximated its fair value at that date. The remaining balance in the Columbia Portfolio was liquidated during 2009, as further described below.

Toko:

As of December 31, 2008, the Company owned a total of 1,840,919 shares, or approximately 1.9% of the outstanding shares, of the common stock of Toko. The Company's original cost of these shares was $5.6 million ($3.07 per share). During the year ended December 31, 2009, the Company sold its remaining investment in Toko common stock on the open market at an aggregate fair market value of $1.9 million, resulting in a loss of $0.1 million for financial reporting purposes. The Company had previously recorded pre-tax impairment charges totaling $3.6 million during the year ended December 31, 2008 related to this investment.

During April 2007, the Company sold 4,034,000 shares of common stock of Toko on the open market which resulted in a gain of approximately $2.5 million, net of investment banker fees and other expenses in the amount of $0.8 million. The Company accrued bonuses of $0.5 million in connection with this gain which were paid in 2008. For financial statement purposes, in 2007, approximately $0.4 million and $0.1 million of such bonuses has been classified within cost of sales and selling, general and administrative expenses, respectively.

Power-One, Inc.:

As of December 31, 2008, the Company owned a total of 7,338,998 shares of Power-One common stock at an aggregate cost of $14.1 million ($1.92 per share). During the year ended December 31, 2009, the Company sold its full investment in Power-One common stock on the open market at an aggregate fair market value of $15.8 million, resulting in a gain of $7.0 million for financial reporting purposes. The Company had previously recorded a pre-tax impairment charge of $5.3 million during the year ended December 31, 2008 related to this investment.

Columbia Portfolio:

Through December 2009, the Company's investment securities included privately placed units of beneficial interests in the Columbia Portfolio, which was an enhanced cash fund sold as an alternative to money-market funds. Due to adverse market conditions, the fund was overwhelmed with withdrawal requests from investors and the fund was closed with a restriction placed upon the cash redemption ability of its holders. At the time the liquidation was announced, the Company held 25.7 million units of the Columbia Portfolio at a book value of $25.7 million. At December 31, 2008, the Company held 6.1 million units at a book value of $5.1 million, which approximated its fair value at that date.

As of December 31, 2009, the Company has received total cash redemptions to date of $24.2 million (including $5.3 million during the year ended December 31, 2009) at a weighted-average net asset value of $.9410 per unit. The Company recorded a gain of $0.2 million during the year ended December 31, 2009, as the net asset value exceeded the adjusted basis of this investment on the dates of redemption. During the years ended December 31, 2008 and 2007, the Company recorded $1.2 million and $0.3 million in impairment charges, respectively. In addition to the impairment charges noted, the Company has also recorded realized losses of $0.2 million during the year ended December 31, 2008 as the Company's adjusted basis exceeded the net asset value on the dates of redemption. The Company received the final redemption from this fund in December 2009 and the fund was fully liquidated as of December 31, 2009.

4.	FAIR VALUE MEASUREMENTS

The Company adopted the new accounting guidance for fair value measurements and disclosures on January 1, 2008, for all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis or on a nonrecurring basis during the reporting period. While the Company adopted the provisions of the new accounting guidance for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis, no such assets or liabilities existed at the balance sheet date. As permitted by the accounting guidance, the Company delayed implementation of this standard for all nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a nonrecurring basis and adopted these provisions effective January 1, 2009.

The fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based upon the best use of the asset or liability at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. The accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as follows:

Level 1 - - Observable inputs such as quoted market prices in active markets

Level 2 - - Inputs other than quoted prices in active markets that are either directly or indirectly observable

Level 3 - - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions

As of December 31, 2009, the Company held certain financial assets that are measured at fair value on a recurring basis. These consisted primarily of the Company's investments in a Rabbi Trust which are intended to fund the Company's SERP obligations. These are categorized as available-for-sale securities, and are included as other assets in the accompanying consolidated balance sheet at December 31, 2009. The fair value of these investments is determined based on quoted market prices in public markets and is categorized as Level 1. The Company does not have any financial assets measured at fair value on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 2 or Level 3 during the year ended December 31, 2009. There were no changes to the Company's valuation techniques used to measure asset fair values on a recurring or nonrecurring basis during the year ended December 31, 2009.

The following table sets forth by level, within the fair value hierarchy, the Company's financial assets accounted for at fair value on a recurring basis as of December 31, 2009 and 2008 (dollars in thousands).

		Assets at Fair Value Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2009				
Available-for-sale securities:				
Investments held in Rabbi Trust	$ 3,656	$ 3,656	$ -	$ -
Marketable securities	2	2	-	-
Total	$ 3,658	$ 3,658	$ -	$ -
As of December 31, 2008				
Available-for-sale securities:				
Marketable securities	$ 13,735	$ 13,735	$ -	$ -
Total	$ 13,735	$ 13,735	$ -	$ -

The following table sets forth by level within the fair value hierarchy the Company's financial assets accounted for at fair value on a nonrecurring basis as of December 31, 2008 (dollars in thousands). These consisted of the Company's investment in the Columbia Portfolio (categorized as an other investment in the table below). The fair value of these investments is determined based on significant other observable inputs and is categorized as Level 2 (dollars in thousands). There were no financial assets accounted for at fair value on a nonrecurring basis as of December 31, 2009.

		Assets at Fair Value as of December 31, 2008			Total Losses
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2008
Other investments	$ 5,075	-	$ 5,075	-	$ (1,404)
Total	$ 5,075	-	$ 5,075	-	$ (1,404)

The Company has other financial instruments, such as accounts receivable, accounts payable and accrued expenses, which have been excluded from the table above. Due to the short-term nature of these instruments, the carrying value of accounts receivable, accounts payable and accrued expenses approximate their fair values. The Company did not have any other financial liabilities within the scope of the fair value disclosure requirements as of December 31, 2009.

Nonfinancial assets and liabilities, such as goodwill and long-lived assets, are accounted for at fair value on a nonrecurring basis. These items are tested for impairment upon the occurrence of a triggering event or in the case of goodwill, on at least an annual basis. While there were signs of improvement at the beginning of the third quarter of 2009, the Company's actual revenue stream for the eight months ended August 31, 2009 was significantly lower than the financial projections utilized in the annual goodwill impairment analysis (performed in the fourth quarter of 2008), and was not projected to rebound to those levels in 2009. The Company determined that current business conditions, and the resulting decrease in the Company's projected cash flows, constituted a triggering event which required the Company to perform interim impairment tests related to its long-lived assets and goodwill during the third quarter of 2009. The Company's interim test on its long-lived assets indicated that the carrying value of its long-lived assets was recoverable and that no impairment existed as of the testing date. The Company's interim impairment test on its goodwill by reporting unit indicated that the goodwill associated with the Company's Asia reporting unit was fully impaired and, as a result, the Company recorded an impairment charge of $12.9 million during the third quarter of 2009. The Company's fair value analysis related to the interim test was supported by a weighting of two generally accepted valuation approaches, the income approach and the market approach. The fair value of the Asia reporting unit was determined utilizing Level 3 inputs. The valuation methods and the key underlying assumptions utilized in the fair value estimate calculations are outlined in Note 2.

5. OTHER ASSETS

At December 31, 2009, the Company has obligations of $5.6 million associated with its supplemental executive retirement plan ("SERP"). As a means of informally funding these obligations, the Company has invested in life insurance policies related to certain employees and marketable securities held in a Rabbi Trust. At December 31, 2009, these assets had a combined fair value of $6.4 million.

Company-Owned Life Insurance

Investments in company-owned life insurance policies ("COLI") were made with the intention of utilizing them as a long-term funding source for the Company's SERP obligations. However, the cash surrender value of the COLI does not represent a committed funding source for these obligations. Any proceeds from these policies are subject to claims from creditors. The fair market value of the COLI at December 31, 2008 was $3.8 million. During the second quarter of 2009, the Company surrendered certain of the policies within the COLI at a cash surrender value of $1.5 million and purchased an additional $0.3 million in new COLI policies. During 2009, the volatility in global equity markets had a significant effect on the cash surrender value and as a result, the Company recorded income to account for the increase in cash surrender value in the amount of $0.4 million during the year ended December 31, 2009. This increase in cash surrender value was allocated between cost of sales and selling, general and administrative expenses on the consolidated statements of operations for the year ended December 31, 2009. The allocation is consistent with the costs associated with the long-term employee benefit obligations that the COLI is intended to fund. At December 31, 2009, the fair market value of the COLI was $2.7 million and is included in other assets in the accompanying consolidated balance sheets.

Other Investments

During the second quarter of 2009, the Company invested $3.5 million in various marketable securities. Together with the COLI described above, these investments are intended to fund the Company's SERP obligations and are classified as other assets in the accompanying consolidated balance sheets. These investments are classified as available for sale and the Company monitors these investments for impairment on an ongoing basis. At December 31, 2009, the fair market value of these investments was $3.7 million. The unrealized gain of $0.2 million at December 31, 2009 has been included in accumulated other comprehensive income.

6. INVENTORIES

The components of inventories are as follows (dollars in thousands):

	December 31, 2009	December 31, 2008
Raw materials	$ 22,431	$ 25,527
Work in progress	1,478	1,650
Finished goods	7,882	19,347
	$ 31,791	$ 46,524

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (dollars in thousands):

	December 31, 2009	December 31, 2008
Land	$ 3,237	$ 3,235
Buildings and improvements	21,454	27,995
Machinery and equipment	55,336	55,680
Construction in progress	1,538	1,726
	81,565	88,636
Accumulated depreciation	(45,622)	(48,700)
	$ 35,943	$ 39,936

Depreciation expense for the years ended December 31, 2009, 2008 and 2007 was $6.3 million, $6.9 million and $7.1 million, respectively.

During the fourth quarter of 2008, the Company finalized its plans for the transfer, sale or ultimate disposition of its fixed assets located in its Westborough, Massachusetts facility, which had an approximate carrying amount of $1.2 million at the time of determination. While $0.3 million of the fixed assets is intended to either stay in the Westborough facility or be transferred to Bel’s existing facilities in Asia, $0.7 million was contracted to be sold to a local vendor, with the remaining $0.2 million to be written off. The sale of the $0.7 million carrying amount of fixed assets was completed in January 2009 at a price of $0.2 million, resulting in a loss on disposition of $0.5 million. As this arrangement was made prior to December 31, 2008, the carrying amount of these assets was reduced to its net realizable value of $0.2 million and the assets were classified as assets held for sale in the accompanying consolidated balance sheet as of December 31, 2008. The reduction in net realizable value of the assets held for sale coupled with the fixed assets identified for writeoff resulted in impairment charges of $0.7 million. These charges are included in Impairment of Assets in the accompanying consolidated statement of operations for the year ended December 31, 2008.

During May 2007, the Company sold a parcel of land located in Jersey City, New Jersey for $6.0 million. In December 2007, the Tidelands Resource Council voted to approve the Bureau of Tideland Management’s recommendation for a Statement of No Interest. On March 14, 2008, the Commissioner of the Department of Environmental Protection signed a letter to approve the Statement of No Interest. As final approval of the Statement of No Interest was still pending as of December 31, 2008, the Company continued to defer the estimated gain on sale of the land, in the amount of $4.6 million. Of the $6.0 million sales price, the Company received cash of $1.5 million before closing costs, and $4.6 million (including interest) was being held in escrow pending final resolution of the State of New Jersey tideland claim and certain environmental costs. During 2007, the Company paid $0.4 million related to environmental costs, which approximated the maximum amount of environmental costs for which the Company is liable. During May 2008, the title company released $2.3 million of the escrow and, as such, $2.3 remained in escrow and had been classified as restricted cash as of December 31, 2008. In February 2009, the final approval of the Statement of No Interest was received from the State of New Jersey. In March 2009, the title company released the remaining escrow of $2.3 million and corresponding guarantees and the Company recognized the gain associated with the sale of this property in the amount of $4.6 million. In July 2009, the Company established a standby letter of credit for the State of New Jersey as a performance guarantee related to environmental cleanup associated with the Jersey City, New Jersey property sale. In connection with this agreement, the Company has a compensating balance of $0.3 million which has been classified as restricted cash as of December 31, 2009. This compensating balance will be reduced to less than $0.1 million upon its renewal in July 2010.

Additionally, the Company realized a $5.5 million pre-tax gain from the sale of property, plant and equipment in Hong Kong and Macao during the year ended December 31, 2007.

8. INCOME TAXES

At December 31, 2009 and 2008, the Company has approximately $4.7 million and $7.3 million, respectively, of liabilities for uncertain tax positions ($1.8 million and $3.9 million, respectively, included in income taxes payable and $2.9 million and $3.4 million, respectively, included in liability for uncertain tax positions) all of which, if recognized, would reduce the Company’s effective tax rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. The Company is no longer subject to U.S. federal examinations by tax authorities for years before 2006 and for state examinations before 2005. Regarding foreign subsidiaries, the Company is no longer subject to examination by tax authorities for years before 2002. The Company is not currently being audited by any tax authorities.

The Inland Revenue Department ("IRD") of Hong Kong commenced an examination of one of the Company's Hong Kong subsidiaries' income tax returns for the years 2000 through 2005 and issued a notice of additional assessment during 2007 and demand for tax in the amount of $3.8 million. This was paid in May and August 2007. There were no interest or penalties in connection with this assessment. The IRD proposed certain adjustments to the Company's offshore income tax claim position, with which Company management agreed.

As a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized benefits for tax positions taken regarding previously filed tax returns may change materially from those recorded as liabilities for uncertain tax positions in the Company's consolidated financial statements at December 31, 2009. A total of $1.8 million of previously recorded liabilities for uncertain tax positions relates to the 2006 tax year. The statute of limitations related to this liability is scheduled to expire on September 15, 2010.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (dollars in thousands):

	2009	2008	2007
Unrecognized tax benefit - January 1	$ 7,345	$ 9,191	$ 12,396
Additions based on tax positions related to the current year	1,277	415	1,669
Additions for tax positions of prior years	-	-	1,000
Expiration of statutes of limitations	(3,900)	(2,261)	(1,382)
Reductions for tax positions of prior years	-	-	(699)
Settlements	-	-	(3,793)
Unrecognized tax benefit - December 31	$ 4,722	$ 7,345	$ 9,191

The Company's policy is to recognize interest and penalties related to uncertain tax positions as a component of the current provision for income taxes. During the years ended December 31, 2009, 2008 and 2007, the Company recognized approximately $0.1 million, $0.1 million and $0.5 million, respectively, in interest and penalties in the consolidated statements of operations. The Company has approximately $0.6 million and $1.6 million accrued for the payment of interest and penalties at December 31, 2009 and 2008, respectively, which is included in both income taxes payable and liability for uncertain tax positions in the Company's consolidated balance sheets.

The (benefit) provision for income taxes consists of the following (dollars in thousands):

	Years Ended December 31,		
	2009	2008	2007
Current:			
Federal	$ (5,383)	$ (426)	$ 4,294
Foreign	12	(107)	2,598
State	(18)	425	515
	(5,389)	(108)	7,407
Deferred:			
Federal	4,229	(3,240)	(1,896)
State	302	(381)	(223)
Foreign	(527)	5	80
	4,004	(3,616)	(2,039)
	$ (1,385)	$ (3,724)	$ 5,368

A reconciliation of taxes on income computed at the federal statutory rate to amounts provided is as follows (dollars in thousands):

	Years Ended December 31,					
	2009		2008		2007	
	$	%	$	%	$	%
Tax (benefit) provision computed at the federal statutory rate	$ (3,296)	34%	$ (6,342)	34%	$ 11,096	35%
Increase (decrease) in taxes resulting from:						
Different tax rates and permanent differences applicable to foreign operations	720	-8%	(161)	1%	(4,992)	-16%
Reversal of liability for uncertain tax positions - net	(2,623)	27%	(1,846)	10%	-	0%
Permanent tax differences related to goodwill impairment with no tax benefit	4,378	-45%	4,264	-23%	-	0%
Utilization of research and development and foreign tax credits	(674)	7%	(383)	2%	(365)	-1%
State taxes, net of federal benefit	290	-3%	368	-2%	335	1%
Other, including qualified production activity credits, non-qualified disposition of incentive stock options, fair value of vested stock awards over accruals and amortization of purchase accounting intangibles	(180)	2%	376	-2%	(706)	-2%
Tax (benefit) provision computed at the Company's effective tax rate	$ (1,385)	14%	$ (3,724)	20%	$ 5,368	17%

As of December 31, 2009, the Company has foreign income tax net operating losses (“NOL”) and credit carryforwards of $3.6 million, net of valuation allowances of $0.1 million and state income tax NOLs and credit carryforwards of $8.9 million, net of valuation allowances of $5.5 million. Foreign NOL's can be carried forward indefinitely and state NOL's expire through 2013 - 2029.

Management's intention is to permanently reinvest the majority of the earnings of foreign subsidiaries in the expansion of its foreign operations. During the year ended December 31, 2008, the Company repatriated previously taxed foreign earnings of approximately $0.3 million. Unrepatriated earnings, upon which U.S. income taxes have not been accrued, are approximately $85.7 million at December 31, 2009. Such unrepatriated earnings are deemed by management to be permanently reinvested. The estimated federal income tax liability (net of estimated foreign tax credits) related to unrepatriated foreign earnings is $19.3 million under the current tax law.

The President of the United States has presented a budget to the United States Congress which contains various modifications to international tax rules. Some of the proposed changes might subject the Company to, among other things, additional income taxes, restrictions on how foreign tax credits would be calculated and affect taxation regarding the transfer of intangible property. The Company cannot ascertain at this time what the final outcome of this proposed legislation will be or the effect, if any, on the Company's results of operations or financial condition.

Components of deferred income tax assets are as follows (dollars in thousands).

	December 31, 2009 Tax Effect	December 31, 2008 Tax Effect
Deferred Tax Assets - current:		
Unrealized depreciation in marketable securities	$ -	$ 3,744
Restructuring expenses	-	280
Reserves and accruals	917	728
Valuation allowance	(102)	-
	$ 815	$ 4,752
Deferred Tax Assets - noncurrent:		
Deferred gain on sale of property, plant and equipment	$ -	$ 1,765
Unfunded pension liability	341	606
Depreciation	138	205
Amortization	1,076	1,051
Federal, state and foreign net operating loss and credits carryforward	1,893	971
Restructuring expenses	294	199
Other accruals	1,550	1,379
Valuation allowances	(776)	(971)
	$ 4,516	$ 5,205

During 2005, the Company was granted an offshore operating license from the government of Macao to set up a Commercial Offshore Company ("MCO") named Bel Fuse (Macao Commercial Offshore) Limited. Sales to third-party customers commenced during the first quarter of 2006. Sales consist of products manufactured in the People's Republic of China (PRC). The MCO is not subject to Macao corporation income taxes.

9. DEBT

As of December 31, 2008, a $20 million line of credit, which expires on June 30, 2011, was available to the Company to borrow. The loan was collateralized with a first priority security interest in 100% of the issued and outstanding shares of the capital stock of the Company's material domestic subsidiaries and 65% of all the issued and outstanding shares of the capital stock of certain of the foreign subsidiaries of the Company. There have not been any borrowings under the credit agreement during 2009 or 2008 and, as a result, there was no balance outstanding as of December 31, 2009 or 2008. At those dates, the entire $20 million line of credit was available to the Company to borrow. The credit agreement bears interest at LIBOR plus 0.75% to 1.25% based on certain financial statement ratios maintained by the Company. Under the terms of the credit agreement, the Company is required to maintain certain financial ratios and comply with other financial conditions. At December 31, 2009, the Company was in compliance with its debt covenants.

The Company's Hong Kong subsidiary had an unsecured line of credit of approximately $2 million which was unused as of December 31, 2009 and 2008. The line of credit expired on January 31, 2009 and was renewed on February 10, 2009. Any borrowing on the line of credit will be guaranteed by the U.S. parent. The line of credit bears interest at a rate determined by the lender as the financing is extended.

In July 2009, the Company established a standby letter of credit with the State of New Jersey as a performance guarantee related to environmental cleanup associated with the Jersey City, New Jersey property sale. In connection with this agreement, the Company has a compensating balance of $0.3 million which has been classified as restricted cash as of December 31, 2009. This compensating balance will be reduced to less than $0.1 million upon its renewal in July 2010.

The Company recorded minimal interest expense during the years ended December 31, 2009 and 2008. For the year ended December 31, 2007, the Company recorded interest expense and other costs of $0.1 million relating primarily to the write-off of previously unamortized deferred financing charges in connection with a credit facility that has been superseded.

10. ACCRUED EXPENSES

Accrued expenses consist of the following (dollars in thousands):

	Year Ended December 31,	
	2009	2008
Sales commissions	$ 1,506	$ 1,598
Subcontracting labor	2,615	2,939
Salaries, bonuses and related benefits	1,475	2,834
Other	2,395	2,582
	$ 7,991	$ 9,953

See Note 18 for discussion and details associated with restructuring accruals.

11. BUSINESS SEGMENT INFORMATION

The Company operates in one industry with three reportable operating segments, which are geographic in nature. The segments consist of North America, Asia and Europe. The primary criteria by which financial performance is evaluated and resources are allocated are revenues and operating income. The following is a summary of key financial data (dollars in thousands):

	2009	2008	2007
Net Sales from External Customers:			
North America	$ 41,898	$ 67,380	$ 78,091
Asia	123,764	165,164	151,550
Europe	17,091	25,806	29,496
	$ 182,753	$ 258,350	$ 259,137
Net Sales:			
North America	$ 51,189	$ 79,862	$ 90,939
Asia	144,572	188,718	182,301
Europe	18,110	27,143	30,680
Less intergeographic revenues	(31,118)	(37,373)	(44,783)
	$ 182,753	$ 258,350	$ 259,137
(Loss) Income from Operations:			
North America	$ (205)	$ (12,646)	$ 6,515
Asia	(16,462)	1,202	17,488
Europe	(684)	695	1,509
	$ (17,351)	$ (10,749)	$ 25,512
Total Assets:			
North America	$ 131,078	$ 131,604	
Asia	107,546	122,284	
Europe	7,322	7,896	
	$ 245,946	$ 261,784	
Capital Expenditures:			
North America	$ 353	$ 948	$ 1,453
Asia	1,979	5,758	7,069
Europe	25	181	196
	$ 2,357	$ 6,887	$ 8,718
Depreciation and Amortization Expense:			
North America	$ 1,535	$ 1,787	$ 1,841
Asia	5,087	5,484	5,887
Europe	156	172	193
	$ 6,778	$ 7,443	$ 7,921

Net sales from external customers are attributed to individual operating segments based on the geographic source of the billing for such customer sales. Transfers between geographic areas include finished products manufactured in foreign countries which are then transferred to the United States and Europe for sale; finished goods manufactured in the United States which are transferred to Europe and Asia for sale; and semi-finished components manufactured in the United States which are sold to Asia for further processing. (Loss) income from operations represents gross profit less operating expenses.

The following items are included in the (loss) income from operations presented above:

Impairment of Assets – During the third quarter of 2009, the Company conducted an interim valuation test related to the Company’s goodwill by operating segment. As a result of the reduction in fair value of the Asia operating segment, the Company recorded charges of $12.9 million related to the impairment of goodwill of its Asia operating segment during 2009. During the fourth quarter of 2008, the Company conducted its annual valuation test related to the Company's goodwill by reporting unit. As a result of the reduction in the fair value of the North America operating segment, the Company recorded charges of $14.1 million related to the impairment of goodwill of its North America operating segment during 2008. The Company also incurred fixed asset impairments in the North America operating segment of $0.7 million related to assets located at the Westborough, Massachusetts facility which ceased operations as of December 31, 2008.

Restructuring Charges – In connection with the closure of its Westborough, Massachusetts facility, the Company incurred severance costs during 2008 of $0.6 million and lease termination costs of $0.5 million. The Company incurred an additional $0.4 million of restructuring costs in 2009 related primarily to the facility lease obligation.

Gain on Sale of Property, Plant & Equipment – During the year ended December 31, 2009, the Company recognized a previously-deferred $4.6 million pre-tax gain in the North America operating segment from the 2007 sale of a property in Jersey City, New Jersey. The Company realized a $5.5 million pre-tax gain from the sale of property, plant and equipment in Asia related to the sale of facilities in Hong Kong and Macao during the year ended December 31, 2007.

Entity-Wide Information

The following is a summary of entity-wide information related to the Company's net sales to external customers by geographic area and by major product line (dollars in thousands).

	2009	2008	2007
Net Sales by Geographic Area:			
United States	$ 41,898	$ 67,380	$ 78,091
Macao	123,764	165,164	151,550
Germany	13,959	21,280	26,534
Czech Republic	3,132	4,526	2,962
Consolidated net sales	$ 182,753	$ 258,350	$ 259,137
Net Sales by Major Product Line:			
Magnetic products	$ 86,326	$ 118,552	$ 125,487
Interconnect products	32,447	47,407	44,281
Module products	54,323	77,285	70,247
Circuit protection products	9,657	15,106	19,122
Consolidated net sales	$ 182,753	$ 258,350	$ 259,137

Net sales from external customers are attributed to individual countries based on the geographic source of the billing for such customer sales.

The following is a summary of long-lived assets by geographic area as of December 31, 2009 and 2008 (dollars in thousands):

	2009	2008
Long-lived Assets by Geographic Location:		
United States	$ 17,549	$ 15,935
People's Republic of China (PRC)	24,199	27,170
All other foreign countries	1,094	1,224
Consolidated long-lived assets	$ 42,842	$ 44,329

Long-lived assets consist of property, plant and equipment, net and other assets of the Company that are identified with the operations of each geographic area.

The territory of Hong Kong became a Special Administrative Region ("SAR") of the PRC in the middle of 1997. The territory of Macao became a SAR of the PRC at the end of 1999. Management cannot presently predict what future impact this will have on the Company, if any, or how the political climate in the PRC will affect the Company's contractual arrangements in the PRC. Substantially all of the Company's manufacturing operations and approximately 43% of its identifiable assets are located in Asia. Accordingly, events resulting from any change in the "Most Favored Nation" status granted to the PRC by the U.S. could have a material adverse effect on the Company.

Net Sales to Major Customers

The Company had sales to three customers in excess of ten percent of consolidated net sales in 2009. The combined revenue of these three customers was $71.9 million during the year ended December 31, 2009, representing 39.4% of total sales. In 2008, there were two customers in excess of ten percent of consolidated net sales. The combined revenue of these two customers was $62.8 million during the year ended December 31, 2008, representing 24.3% of total sales. In 2007, there was one customer with sales of $40.3 million, or 15.6% of consolidated net sales for the year ended December 31, 2007. Sales related to these significant customers were primarily reflected in the Asia operating segment.

12. RETIREMENT FUND AND PROFIT SHARING PLAN

The Company maintains a domestic profit sharing plan and a contributory stock ownership and savings 401(k) plan, which combines stock ownership and individual voluntary savings provisions to provide retirement benefits for plan participants. The plan provides for participants to voluntarily contribute a portion of their compensation, subject to certain legal maximums. The Company will match, based on a sliding scale, up to $350 for the first $600 contributed by each participant. Matching contributions plus additional discretionary contributions are made with Company stock purchased in the open market. The expense for the years ended December 31, 2009, 2008 and 2007 amounted to approximately $0.4 million, $0.4 million and $0.5 million, respectively. As of December 31, 2009, the plans owned 17,086 and 178,369 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Company's subsidiaries in Asia have a retirement fund covering substantially all of their Hong Kong based full-time employees. Eligible employees contribute up to 5% of salary to the fund. In addition, the Company must contribute a minimum of 5% of eligible salary, as determined by Hong Kong government regulations. The Company currently contributes 7% of eligible salary in cash or Company stock. The expense for the years ended December 31, 2009, 2008 and 2007 amounted to approximately $0.3 million, $0.4 million and $0.4 million, respectively. As of December 31, 2009, the plan owned 3,323 and 17,342 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Supplemental Executive Retirement Plan (the "SERP" or the “Plan”) is designed to provide a limited group of key management and highly compensated employees of the Company with supplemental retirement and death benefits. Participants in the SERP are selected by the Compensation Committee of the Board of Directors. The SERP initially became effective in 2002 and was amended and restated in April 2007 to conform with applicable requirements of Section 409A of the Internal Revenue Code and to modify the provisions regarding benefits payable in connection with a change in control of the Company. The Plan is unfunded. Benefits under the SERP are payable from the general assets of the Company, but the Company has established a rabbi trust which includes certain life insurance policies in effect on participants as well as other investments to partially cover the Company’s obligations under the Plan.

The benefits available under the Plan vary according to when and how the participant terminates employment with the Company. If a participant retires (with the prior written consent of the Company) on his normal retirement date (65 years old, 20 years of service, and 5 years of Plan participation), his normal retirement benefit under the Plan would be annual payments equal to 40% of his average base compensation (calculated using compensation from the highest 5 consecutive calendar years of Plan participation), payable in monthly installments for the remainder of his life. If a participant retires early from the Company (55 years old, 20 years of service, and 5 years of Plan participation), his early retirement benefit under the Plan would be an amount (i) calculated as if his early retirement date were in fact his normal retirement date, (ii) multiplied by a fraction, with the numerator being the actual years of service the participant has with the Company and the denominator being the years of service the participant would have had if he had retired at age 65, and (iii) actuarially reduced to reflect the early retirement date. If a participant dies prior to receiving 120 monthly payments under the Plan, his beneficiary would be entitled to continue receiving benefits for the shorter of (i) the time necessary to complete 120 monthly payments or (ii) 60 months. If a participant dies while employed by the Company, his beneficiary would receive, as a survivor benefit, an annual amount equal to (i) 100% of the participant's annual base salary at date of death for one year, and (ii) 50% of the participant's annual base salary at date of death for each of the following 4 years, each payable in monthly installments. The Plan also provides for disability benefits, and a forfeiture of benefits if a participant terminates employment for reasons other than those contemplated under the Plan. The expense for the years ended December 31, 2009, 2008 and 2007 amounted to approximately $0.9 million, $0.7 million and $0.7 million, respectively.

The following provides a reconciliation of benefit obligations, the funded status of the SERP and a summary of significant assumptions (dollars in thousands):

December 31,	2009	2008	2007
Change in benefit obligation:			
Projected benefit obligation at beginning of year	$ 5,910	$ 4,698	$ 4,728
Service cost	383	293	313
Interest cost	352	303	282
Benefits paid	(75)	(75)	(75)
Actuarial (gains) losses	(948)	691	(550)
Minimum pension obligation and unfunded pension liability	$ 5,622	$ 5,910	$ 4,698
Funded status of plan:			
Under funded status	$ (5,622)	$ (5,910)	
Unrecognized net loss	-	-	
Unrecognized prior service costs	-	-	
Accrued pension cost	$ (5,622)	$ (5,910)	
Change in plan assets:			
Fair value of plan assets, beginning of year	$ -	$ -	$ -
Company contributions	75	75	75
Benefits paid	(75)	(75)	(75)
Fair value of plan assets, end of year	$ -	$ -	$ -
Balance sheet amounts:			
Minimum pension obligation and unfunded pension liability	$ 5,622	$ 5,910	
Amounts recognized in accumulated other comprehensive income, pretax:			
Prior service cost	$ 1,276	$ 1,410	
Net (gains) losses	(176)	784	
	$ 1,100	$ 2,194	

The components of SERP expense are as follows:

Year Ended December 31,	2009	2008	2007
Service cost	$ 383	$ 293	$ 313
Interest cost	352	303	282
Net amortization and deferral	147	133	146
Total SERP expense	$ 882	$ 729	$ 741
Assumption percentages:			
Discount rate	6.00%	6.00%	6.50%
Rate of compensation increase	3.00%	3.00%	3.00%

The accumulated benefit obligation for the SERP was $4.8 million and $4.6 million as of December 31, 2009 and 2008, respectively.

The estimated net gain/loss and prior service cost for the defined benefit pension plan that will be amortized from other comprehensive income into net periodic benefit cost over the next fiscal year is $0 and $0.1 million, respectively. The Company expects to contribute $0.1 million to the SERP in 2010.

The Company had no net transition assets or obligations recognized as an adjustment to Other Comprehensive Income and does not anticipate any plan assets being returned to the Company during 2010, as the plan has no assets.

The following benefit payments, which reflect expected future service, are expected to be paid (dollars in thousands):

Years Ending December 31,		
2010	$	56
2011		-
2012		72
2013		130
2014		179
2015 - 2019		1,384

13. SHARE-BASED COMPENSATION

The Company records compensation expense in its Consolidated Statements of Operations related to employee stock-based options and awards. The aggregate pretax compensation cost recognized for stock-based compensation (including incentive stock options, restricted stock and dividends on restricted stock, as further discussed below) amounted to approximately $1.7 million, $1.5 million and $1.5 million for the years ended December 31, 2009, 2008 and 2007, respectively. The Company did not use any cash to settle any equity instruments granted under share based arrangements during the years ended December 31, 2009, 2008 and 2007.

<u>Stock Options</u>

The Company has an equity compensation program (the "Program") which provides for the granting of "Incentive Stock Options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options and restricted stock awards. The Company believes that such awards better align the interest of its employees with those of its shareholders. The Plan provides for the issuance of 2.4 million common shares. Unless otherwise provided at the date of grant or unless subsequently accelerated, options granted under the Program become exercisable twenty-five percent (25%) one year from the date of grant and twenty-five percent (25%) for each year of the three years thereafter. Upon exercise the Company will issue new shares. The exercise price of incentive stock options granted pursuant to the Plan is not to be less than 100 percent of the fair market value of the shares on the date of grant. In general, no option will be exercisable after ten years from the date granted.

No incentive stock options were granted in 2009, 2008 or 2007. Expected lives of options previously granted were estimated using the historical exercise behavior of employees. Expected volatilities were based on implied volatilities from historical volatility of the Company's stock. The Company uses historical data to estimate employee forfeitures. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant.

Information regarding the Company's stock options for the year ended December 31, 2009 is as follows. All of the stock options noted below relate to options to purchase shares of the Company's Class B common stock.

Stock Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in 000's)
Outstanding at January 1, 2009	53,000	$ 31.48		
Exercised	-	-		
Granted	-	-		
Cancelled	(19,000)	35.03		
Outstanding at December 31, 2009	34,000	$ 29.50	0.5 years	$ -
Exercisable at December 31, 2009	34,000	$ 29.50	0.5 years	$ -

No stock options were exercised during the year ended December 31, 2009. During the years ended December 31, 2008 and 2007, the Company received $0.3 million and $1.5 million from the exercise of stock options and realized tax benefits of approximately $0 and $0.1 million, respectively. The total intrinsic value of options exercised during the years ended December 31, 2008 and 2007 was $0.2 million and $0.9 million, respectively. Stock compensation expense applicable to stock options was minimal during the years ended December 31, 2009 and 2008 and was approximately $0.1 million for the year ended December 31, 2007.

A summary of the status of the Company's non-vested options as of December 31, 2009 and 2008 and changes during the year ended December 31, 2009 is presented below:

Nonvested options	Options	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2008	15,000	$ 29.50
Granted	-	-
Vested	(10,000)	$ 29.50
Forfeited	(5,000)	$ 29.50
Nonvested at December 31, 2009	-	-

The fair value of options that vested during the years ended December 31, 2009, 2008 and 2007 was $0.2 million, $0.5 million and $1.6 million, respectively. There was no intrinsic value associated with the options that vested during 2009.

Restricted Stock Awards

The Company provides common stock awards to certain officers and key employees. The Company grants these awards, at its discretion, from the shares available under the Program. Unless otherwise provided at the date of grant or unless subsequently accelerated, the shares awarded are earned in 25% increments on the second, third, fourth and fifth anniversaries of the award, respectively, and are distributed provided the employee has remained employed by the Company through such anniversary dates; otherwise the unearned shares are forfeited. The market value of these shares at the date of award is recorded as compensation expense on the straight-line method over the five year periods from the respective award dates, as adjusted for forfeitures of unvested awards. During 2009, 2008 and 2007, the Company issued 141,300, 56,300 and 74,200 class B common shares, respectively, under a restricted stock plan to various officers and employees. In connection with these and other awards granted in prior years, the Company recorded pre-tax compensation expense of $1.7 million, $1.5 million and $1.3 million ($1.2 million, $1.1 million and $0.9 million, after tax benefit) for the years ended December 31, 2009, 2008 and 2007, respectively.

A summary of the activity under the Restricted Stock Awards Plan as of December 31, 2009 is presented below:

Restricted Stock Awards	Shares		Weighted Average Award Price	Weighted Average Remaining Contractual Term
Outstanding at January 1, 2009	202,900	$	32.58	3.1 years
Granted	141,300	$	18.71	
Vested	(50,700)	$	35.38	
Forfeited	(19,650)	$	31.76	
Outstanding at December 31, 2009	273,850	$	24.96	3.6 years

As of December 31, 2009, there was $4.7 million of total pre-tax unrecognized compensation cost included within additional paid-in-capital related to non-vested stock based compensation arrangements granted under the restricted stock award plan; that cost is expected to be recognized over a period of 4.8 years.

The Company's policy is to issue new shares to satisfy Restricted Stock Awards and stock option exercises. Currently the Company believes that substantially all restricted stock awards will vest.

14. COMMON STOCK

During 2000, the Board of Directors of the Company authorized the purchase of up to ten percent of the Company’s outstanding common shares. As of December 31, 2009, the Company had purchased and retired 23,600 Class B common shares at a cost of approximately $0.8 million and had purchased and retired 527,817 Class A common shares at a cost of approximately $16.8 million. No shares of Class B common stock were repurchased during the year ended December 31, 2009 and 6,070 shares of Class A common stock were repurchased during the year ended December 31, 2009 at a cost of $0.1 million.

As of December 31, 2009, to the Company's knowledge, there were two shareholders of the Company's common stock (other than shareholders subject to specific exceptions) with ownership in excess of 10% of Class A outstanding shares with no ownership of the Company's Class B common stock. In accordance with the Company's certificate of incorporation, the Class B Protection clause is triggered if a shareholder owns 10% or more of the outstanding Class A common stock and does not own an equal or greater percentage of all then outstanding shares of both Class A and Class B common stock (all of which common stock must have been acquired after the date of the 1998 recapitalization). In such a circumstance, such shareholder must, within 90 days of the trigger date, purchase Class B common shares, in an amount and at a price determined in accordance with a formula described in the Company's certificate of incorporation, or forfeit its right to vote its Class A common shares. As of December 31, 2009, to the Company's knowledge, these shareholders had not purchased any Class B shares to comply with these requirements. In order to vote their shares at Bel's next shareholders' meeting, these shareholders must either purchase the required number of Class B common shares or sell or otherwise transfer Class A common shares until their Class A holdings are under 10%. As of December 31, 2009, to the Company's knowledge, these shareholders owned 20.1% and 17.0%, respectively, of the Company's Class A common stock in the aggregate and had not taken steps to either purchase the required number of Class B common shares or sell or otherwise transfer Class A common shares until their Class A holdings fall below 10%. Unless and until this situation is satisfied in a manner permitted by the Company's Restated Certificate of Incorporation, the subject shareholders will not be permitted to vote their shares of common stock.

There are no contractual restrictions on the Company's ability to pay dividends provided the Company is not in default under its credit agreements immediately before such payment and after giving effect to such payment. Dividends paid during the years ended December 31, 2009 and 2008 were as follows:

	Dividend per Share		Total Dividend Payment (in 000's)	
	Class A	Class B	Class A	Class B
Year Ended December 31, 2009				
February 1, 2009	0.06	0.07	130	642
May 1, 2009	0.06	0.07	130	642
August 1, 2009	0.06	0.07	131	641
November 1, 2009	0.06	0.07	131	691
Year Ended December 31, 2008				
February 1, 2008	0.06	0.07	153	638
May 1, 2008	0.06	0.07	152	638
August 1, 2008	0.06	0.07	151	640
November 1, 2008	0.06	0.07	131	689

15. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases various facilities. Some of these leases require the Company to pay certain executory costs (such as insurance and maintenance).

Future minimum lease payments for operating leases are approximately as follows (dollars in thousands):

Years Ending December 31,		
2010	$	1,977
2011		1,203
2012		971
2013		522
2014		83
Thereafter		28
	$	4,784

Rental expense was approximately $2.2 million, $2.3 million and $2.0 million for the years ended December 31, 2009, 2008, and 2007, respectively.

Other Commitments

The Company submits purchase orders for raw materials to various vendors throughout the year for current production requirements, as well as forecasted requirements. Certain of these purchase orders relate to special purpose material and, as such, the Company may incur penalties if the order is cancelled. At December 31, 2009, the Company has outstanding purchase orders related to the purchase of raw materials in the aggregate amount of $19.9 million.

Legal Proceedings

The Company is a defendant in a lawsuit captioned Synqor, Inc. v. Artesyn Technologies, Inc., Astec America, Inc., Emerson Network Power, Inc., Emerson Electric Co., Bel Fuse Inc., Cherokee International Corp., Delta Electronics, Inc., Delta Products Corp., Murata Electronics North America, Inc., Murata Manufacturing Co., Ltd., Power-One, Inc., Tyco Electronics Corp. and Tyco Electronics Ltd. brought in the United States District Court, Eastern District of Texas in November 2007. With respect to the Company, the plaintiff claims that the Company infringed its patents covering certain power products. Synqor is seeking an unspecified amount of damages. The Company filed an Answer to Synqor's complaint, denying the allegations of infringement and asserting invalidity of Synqor's patents.

The Company was a defendant in a lawsuit captioned Halo Electronics, Inc. ("Halo") v. Bel Fuse Inc., Pulse Engineering, Inc. and Technitrol, Inc. brought in Nevada Federal District Court. Plaintiff claimed that the Company had infringed its patents covering certain surface mount discrete magnetic products made by the Company. Halo was seeking unspecified damages, which it claims should be trebled. In December 2007, this case was dismissed by the Nevada Federal District Court for lack of personal jurisdiction. Halo then re-filed this suit, with similar claims against the Company, in the Northern California Federal District Court, captioned Halo Electronics, Inc. v. Bel Fuse Inc., Elec & Eltek (USA) Corporation, Wurth Electronics Midcom, Inc., and Xfmrs, Inc.

The Company is a plaintiff in a lawsuit captioned Bel Fuse Inc. v. Halo Electronics, Inc. brought in the United States District Court of New Jersey during June 2007. The Company claims that Halo has infringed a patent covering certain integrated connector modules made by Halo. The Company is seeking an unspecified amount of damages plus interest, costs and attorney fees.

The Company was a defendant in a lawsuit captioned Murata Manufacturing Company, Ltd. v. Bel Fuse Inc. et al., brought in Illinois Federal District Court. The plaintiff claimed that its patent covers all of the Company's MagJack® integrated connector products. The Company had expected this case to proceed to trial. In order to eliminate future legal fees related to this case, a settlement was negotiated with Murata in October 2009 whereby the Company paid a lump sum licensing fee of $2.1 million in exchange for a licensing agreement covering the past and future sales of the Company's MagJack® integrated connector products. As $2.0 million of this fee was deemed to relate to product sales from prior periods, the Company included this expense in cost of sales in the accompanying consolidated statements of operations for the year ended December 31, 2009. The Court issued an Order of Dismissal on November 4, 2009.

The Company cannot predict the outcome of its unresolved legal proceedings; however, management believes that the ultimate resolution of these matters will not have a material impact on the Company's consolidated financial condition or results of operations. As of December 31, 2009, no amounts have been accrued in connection with contingencies related to these lawsuits, as the amounts are not estimable.

The Company is not a party to any other legal proceeding, the adverse outcome of which is likely to have a material adverse effect on the Company's consolidated financial condition or results of operations.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of accumulated other comprehensive income as of December 31, 2009 and 2008 are summarized below (dollars in thousands)

	2009	2008
Foreign currency translation adjustment	$ 1,789	$ 1,746
Unrealized holding gain (loss) on available-for-sale securities, net of taxes of $42 and $23 as of December 31, 2009 and 2008	62	30
Unfunded SERP liability, net of taxes of $(341) and $(606) as of December 31, 2009 and 2008	(759)	(1,588)
Accumulated other comprehensive income	$ 1,092	$ 188

17. RELATED PARTY TRANSACTIONS

As of December 31, 2009, the Company has $2.0 million invested in a money market fund with GAMCO Investors, Inc. (“GAMCO”). GAMCO is a current shareholder of the Company, with holdings of its Class A stock of approximately 20.1%. However, as discussed in Note 14, GAMCO’s voting rights are currently suspended.

18. RESTRUCTURING ACTIVITY

During July 2008, the Company announced that it would cease all manufacturing operations at its Bel Power Inc. facility in Westborough, Massachusetts as of December 31, 2008. The costs associated with this closure are being accounted for in accordance with the accounting guidance related to exit or disposal cost obligations. During the fourth quarter of 2008, the Company evaluated the inventory and property, plant and equipment at the Westborough, Massachusetts facility for obsolescence and/or impairment, which resulted in charges as outlined in the table below. The Company also incurred severance and related benefit expenses in 2008 and 2009 associated with the layoff of approximately 50 associates. The Company has been unable to sublease the facility in Westborough, Massachusetts and in light of the current real estate market, it is not anticipated that a sublease can be reasonably obtained for this facility. As a result, the Company has incurred charges related to its facility lease obligation in both 2008 and 2009. The charges detailed below impacted the operating profit of the Company’s North America operating segment.

	Year Ended December 31, 2009	Year Ended December 31, 2008
Severance and related benefits	$ 121	$ 598
Costs associated with facility lease obligation	292	524
Restructuring charges	413	1,122
Impairment of property, plant and equipment	-	739
Inventory markdowns	-	355
	$ 413	$ 2,216

Activity and liability balances related to the restructuring charges for the year ended December 31, 2009 are as follows:

	Liability at December 31, 2008	New Charges	Cash Payments and Other Settlements	Liability at December 31, 2009
Termination benefit charges	$ 437	$ 121	$ (558)	$ -
Facility lease obligation	524	292	(152)	664
	$ 961	$ 413	$ (710)	$ 664

The Company has included the current portion of $0.2 million in accrued restructuring in the Consolidated Balance Sheet at December 31, 2009, and has classified the remaining $0.5 million of the liability related to the facility lease obligation as noncurrent.

19. UNAUTHORIZED TRANSACTIONS

In April 2009, as part of the March 31, 2009 quarter-end review, the Company's internal accounting personnel identified a questionable entry in the Company's stock option exercise records. After questioning by management, a Company employee (the "Employee") responsible for certain aspects of the Company's benefit plan administration admitted fabricating certain Company records for his own benefit in order to enable him to exercise stock options that had not been granted to him by the Company's Compensation Committee. The Company's management immediately terminated the employment of the Employee and reported the matter to the Company's Audit Committee. The Audit Committee, in turn, directed internal accounting personnel to investigate this matter and directed counsel to engage a forensic accounting firm to supplement the Company's internal review.

The Company's review has focused on the Employee's role in the administration of the Company's stock option plan, 401(k) plan and profit-sharing plan. The following determinations have been made:

- With respect to the stock option plan, the Company has determined that over a period of approximately eight years, the Employee exercised options covering 30,000 shares of Class B Common Stock on the basis of documentation that the Employee fabricated. The fair value of these 30,000 shares at the times of issuance approximated $0.8 million. Option exercises covering an additional 1,000 shares are questionable but have not, as yet, been determined to be based on fabricated documentation. At this time, the Company does not believe that it will be able to obtain sufficient evidentiary documents to conclusively determine that these additional 1,000 shares related to fraudulent transactions. The Employee has returned 30,000 shares to the Company for cancellation with a fair market value on the dates of their return of approximately $0.4 million.

- With respect to the Company's 401(k) plan, the Company has determined that over the same approximate eight-year period, the Employee fraudulently increased the balance in his 401(k) account by a total of $44,300. The Employee has not been permitted to withdraw any funds in his 401(k) account. Accordingly, in July 2009, the Company recouped the $44,300 directly from the Employee's 401(k) account. In addition, the Employee initiated special 401(k) stock distributions directly into the Employee's IRA account representing 3,420 shares of Class B Common Stock and 65 shares of Class A Common Stock. The fair value of these shares at the time of transfer approximated $0.1 million. The Employee has returned 1,200 shares of Class B Common Stock to the Company for cancellation with a fair market value on the dates of their return of approximately $16,000. The Company contends that the withdrawal of these shares constituted a withdrawal of his Plan funds and intends to use the current balance of 6 Class A and 864 Class B shares plus $33,156 associated in the Plan with his account as partial payment of an over withdrawal from his account. The Company has demanded that the Employee return the balance to the Plan.

- With respect to the Company's profit-sharing plan, the Company has determined that the Employee diverted to his account a total of $3,600 credited to the account of an employee whose employment had terminated and who therefore was about to forfeit his profit-sharing interest. The Employee has not been permitted to withdraw any funds from his profit-sharing account. The Company intends to recoup such $3,600 directly from the Employee.

The review by the Company's internal accounting personnel and forensic accounting firm is complete. The Company has reported this matter to the appropriate governmental authorities, which may take further action with respect to the Employee. The Company's forensic accounting firm performed an email search designed to ascertain whether there was any evidence that the Employee's actions extended beyond his own personal accounts or whether other employees were directly involved in such actions. To date, the Company has not discovered any evidence that suggests that the fraudulent practices identified pursuant to the internal investigation extended beyond the Employee's personal accounts or directly involved Company personnel other than the Employee.

During the year ended December 31, 2009, the Company recorded an unauthorized issuance of common stock charge of $0.9 million related to this theft. This charge was offset by $0.5 million related to the fair market value of shares returned by the Employee during 2009. In addition, the Company incurred $0.2 million in legal and professional fees related to this activity. These charges are included within selling, general and administrative expenses in the accompanying consolidated statement of operations for the year ended December 31, 2009.

20.	SUBSEQUENT EVENT – ACQUISITION OF CINCH CONNECTORS

On January 29, 2010, the Company completed the acquisition of Cinch Connectors ("Cinch") from Safran S.A. for approximately $37.5 million in cash plus approximately $1.5 million for the assumption of certain expenses. The final purchase price remains subject to certain adjustments related to working capital. The transaction was funded with cash on hand. Cinch is headquartered in Lombard, Illinois and has manufacturing facilities in Vinita, Oklahoma, Reynosa, Mexico and Worksop, England.

Cinch manufactures a broad range of interconnect products for customers in the military and aerospace, high-performance computing, telecom/datacom, and transportation markets. The Company believes that the addition of Cinch's well-established lines of connector and cable products and extensive customer base will provide Bel with immediate access to the large and growing aerospace and military markets and will strengthen Bel's position as a one-stop supplier of high-performance computing, telecom and data products. In addition to these strategic synergies, there is a significant opportunity for expense reduction and the elimination of redundancies. The combination of these factors, and Bel's ability to leverage its existing product line, have given rise to the provisional amount of goodwill detailed below.

While the initial accounting related to this business combination is not complete as of the filing date of this Form 10-K, the following table depicts the Company's estimated acquisition date fair values of the consideration transferred and identifiable net assets acquired (in thousands):

Consideration		
Cash	$	39,755
Assumption of change-in-control payments		747
Fair value of total consideration transferred	$	40,502

Acquisition-related costs (included in selling, general and administrative expense for the year ended December 31, 2009)	$	605

Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash	$	660
Accounts receivable		6,910
Inventory		7,548
Other current assets		803
Property, plant and equipment		9,345(a)
Intangible assets		2,528(b)
Other assets		192
Accounts payable		(2,923)
Accrued expenses and other current liabilities		(2,932)
Total identifiable net assets	$	22,131
Goodwill	$	18,371(c)

(a) As of the filing date, the appraisal related to the building acquired was received and the fair value of the building is included in this amount; however, the appraisals related to machinery and equipment acquired were incomplete as of the filing date and as such, this amount only includes the carrying value of those assets.

(b) The Company has identified various intangible assets, including customer lists, license agreements, non-compete agreements, in-process research and development, and other intellectual property, that are being valued by a third-party appraiser. These appraisals were not complete as of the date of this filing, and the amounts noted above only represent the carrying value of the intangible assets on Cinch's balance sheet as of the acquisition date.

(c) The amount of goodwill is provisional as of the filing date, as appraisals related to property, plant and equipment, and various intangible assets are still underway. As the final amount of goodwill has not yet been determined or allocated by country, the Company is unable to determine at this time the portion of goodwill, if any, that will be deductible for tax purposes.

21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly results (unaudited) for the years ended December 31, 2009 and 2008 are summarized as follows (in thousands, except per share data):

	Quarter Ended				Total Year Ended
	March 31, 2009 (d)	June 30, 2009	September 30, 2009 (c)	December 31, 2009 (b)	December 31, 2009 (a)
Net sales	$ 43,871	$ 44,934	$ 45,283	$ 48,665	$ 182,753
Cost of sales	38,211	40,192	41,516	41,535	161,454
Net earnings (loss)	816	(1,272)	(10,752)	2,898	(8,310)
Earnings (loss) per Class A common share:					
Basic	$ 0.06	$ (0.11)	$ (0.90)	$ 0.23	$ (0.71)
Diluted	$ 0.06	$ (0.11)	$ (0.90)	$ 0.23	$ (0.71)
Earnings (loss) per Class B common share:					
Basic	$ 0.07	$ (0.11)	$ (0.94)	$ 0.25	$ (0.72)
Diluted	$ 0.07	$ (0.11)	$ (0.94)	$ 0.25	$ (0.72)

	Quarter Ended				Total Year Ended
	March 31, 2008	June 30, 2008 (f)	September 30, 2008 (f)	December 31, 2008 (e)(f)(g)	December 31, 2008 (a)(g)
Net sales	$ 60,869	$ 72,454	$ 66,964	$ 58,063	$ 258,350
Cost of sales	49,638	59,317	56,337	51,787	217,079
Net earnings (loss)	2,167	1,811	1,946	(20,853)	(14,929)
Earnings (loss) per Class A common share:					
Basic	$ 0.17	$ 0.14	$ 0.16	$ (1.75)	$ (1.25)
Diluted	$ 0.17	$ 0.14	$ 0.16	$ (1.75)	$ (1.25)
Earnings (loss) per Class B common share:					
Basic	$ 0.19	$ 0.16	$ 0.17	$ (1.82)	$ (1.28)
Diluted	$ 0.19	$ 0.16	$ 0.17	$ (1.82)	$ (1.28)

(a) Quarterly amounts of earnings per share may not agree to the total for the year due to rounding.

(b) Net earnings for the quarter ended December 31, 2009 include a gain on sale of investment of $5.4 million ($3.3 million after tax), primarily related to the sale of the investment in Power-One common stock.

(c) The net loss for the quarter ended September 30, 2009 includes a goodwill impairment charge of $12.9 million related to the Company's Asia operating segment and a $2.0 million ($1.2 million after tax) charge related to the Murata licensing fee.

(d) Net earnings for the quarter ended March 31, 2009 include a gain on the sale of property in Jersey City, New Jersey of $4.7 million ($2.9 million after tax) offset by restructuring charges associated with the closure of the Company's Westborough, Massachusetts facility of $0.4 million ($0.3 million after tax).

(e) The net loss for the quarter ended December 31, 2008 includes a goodwill impairment charge of $14.1 million related to the Company's North America operating segment and charges related to the closure of the Westborough, Massachusetts facility of $1.4 million ($0.9 million after tax).

(f) Net earnings (loss) for the quarters ended June 30, 2008, September 30, 2008 and December 31, 2008 include after tax other-than-temporary impairment charges related to the Company's investments of $1.6 million, $0.9 million and $4.1 million, respectively.

(g) The Company adopted the update to Accounting Standards Codification 260 effective January 1, 2009, which required that all 2008 outstanding shares and EPS figures be recast to include certain participating securities. The impact of the adoption was not more than $0.03 per share in any period presented above.

BEL FUSE INC. AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Amounts in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Charged to profit and loss or income	Additions Charged to other accounts (b)	Deductions (describe)(a)	Balance at close of period
Year ended December 31, 2009					
Allowance for doubtful accounts	$ 660	$ 36	$ 6	$ (106)	$ 596
Allowance for excess and obsolete inventory	$ 4,051	$ (849)	$ (26)	$ (409)	$ 2,767
Deferred tax assets - valuation allowances	$ 971	$ 231	$ -	$ (324)	$ 878
Year ended December 31, 2008					
Allowance for doubtful accounts	$ 977	$ (191)	$ (43)	$ (83)	$ 660
Allowance for excess and obsolete inventory	$ 3,266	$ 1,079	$ (10)	$ (284)	$ 4,051
Deferred tax assets - valuation allowances	$ 331	$ 640	$ -	$ -	$ 971
Year ended December 31, 2007					
Allowance for doubtful accounts	$ 1,087	$ (50)	$ 48	$ (108)	$ 977
Allowance for excess and obsolete inventory	$ 5,004	$ (1,134)	$ 17	$ (621)	$ 3,266
Deferred tax assets - valuation allowances	$ 338	$ (7)	$ -	$ -	$ 331

(a) Write offs

(b) Includes foreign currency translation adjustments

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

Not applicable

Item 9A Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the Company’s most recently completed fiscal quarter covered by this report, the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer and Vice President - Finance, of the effectiveness of the Company’s disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. As part of the March 31, 2009 quarter-end review, the Company's internal accounting personnel identified a questionable entry in the Company's stock option exercise records. After questioning by management, a Company employee (the "Employee") responsible for certain aspects of the Company's benefit plan administration admitted fabricating certain Company records for his own benefit in order to enable him to exercise stock options that had not been granted to him by the Company's Compensation Committee. The Company's management immediately terminated the employment of the Employee and reported the matter to the Company's Audit Committee. The Audit Committee, in turn, directed internal accounting personnel to investigate this matter and directed counsel to engage a forensic accounting firm to supplement the Company's internal review.

The Company's review has focused on the Employee's role in the administration of the Company's stock option plan, 401(k) plan and profit-sharing plan. The following determinations have been made:

- With respect to the stock option plan, the Company has determined that over a period of approximately eight years, the Employee exercised options covering 30,000 shares of Class B Common Stock on the basis of documentation that the Employee fabricated. The fair value of these 30,000 shares at the times of issuance approximated $0.8 million. Option exercises covering an additional 1,000 shares are questionable but have not, as yet, been determined to be based on fabricated documentation. At this time, the Company does not believe that it will be able to obtain sufficient evidentiary documents to conclusively determine that these additional 1,000 shares related to fraudulent transactions. The Employee has returned 30,000 shares to the Company for cancellation with a fair market value on the dates of their return of approximately $0.4 million.

- With respect to the Company's 401(k) plan, the Company has determined that over the same approximate eight-year period, the Employee fraudulently increased the balance in his 401(k) account by a total of $44,300. The Employee has not been permitted to withdraw any funds in his 401(k) account. Accordingly, in July 2009, the Company recouped the $44,300 directly from the Employee's 401(k) account. In addition, the Employee initiated special 401(k) stock distributions directly into the Employee’s IRA account representing 3,420 shares of Class B Common Stock and 65 shares of Class A Common Stock. The fair value of these shares at the time of transfer approximated $0.1 million. The Employee has returned 1,200 shares of Class B Common Stock to the Company for cancellation with a fair market value on the dates of their return of approximately $16,000. The Company contends that the withdrawal of these shares constituted a withdrawal of his Plan funds and intends to use the current balance of 6 Class A and 864 Class B shares plus $33,156 associated in the Plan with his account as partial payment of an over withdrawal from his account. The Company has demanded that the Employee return the balance to the Plan.

- With respect to the Company's profit-sharing plan, the Company has determined that the Employee diverted to his account a total of $3,600 credited to the account of an employee whose employment had terminated and who therefore was about to forfeit his profit-sharing interest. The Employee has not been permitted to withdraw any funds from his profit-sharing account. The Company intends to recoup such $3,600 directly from the Employee.

The review by the Company's internal accounting personnel and forensic accounting firm is complete. The Company has reported this matter to the appropriate governmental authorities, which may take further action with respect to the Employee. The Company's forensic accounting firm performed an email search designed to ascertain whether there was any evidence that the Employee's actions extended beyond his own personal accounts or whether other employees were directly involved in such actions. To date, the Company has not discovered any evidence that suggests that the fraudulent practices identified pursuant to the internal investigation extended beyond the Employee's personal accounts or directly involved Company personnel other than the Employee.

Based upon the information discovered to date:

- The Company does not believe that the Employee's actions have had or will have a material effect on the Company's consolidated financial statements.

- The Audit Committee directed the Company's internal audit staff to assess whether existing controls should be enhanced to assure that employees engaged in benefit plan administration do not have the ability to allocate employment benefits to themselves absent a third party approval. The Company’s internal audit staff has completed this assessment and has implemented certain enhancements to the Company’s internal control structure related to the Company’s benefit plan administration.

- Management recommended to the Company's Compensation Committee that no stock options or restricted stock be granted by the Company until such time as the Audit Committee determines that enhanced controls have been implemented or are not necessary. The Company’s Audit Committee has reviewed the enhancements to the control procedures implemented during the second quarter of 2009 and cleared the Company for future issuances of stock options and restricted stock.

- The Company's Chief Executive Officer and Vice President - Finance have concluded that the Company’s disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Management’s Report on Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of the Company’s management, including the Company’s principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of the Company’s internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company’s evaluation under the framework in *Internal Control – Integrated Framework*, the Company’s management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2009.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2009 and has expressed an unqualified opinion in their report which is included in Item 8 herein.

Changes in Internal Controls Over Financial Reporting

There were no significant changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter of the year to which this Annual Report on Form 10-K relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

Not applicable.

Item 10. Directors, Executive Officers and Corporate Governance

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2010 annual meeting of shareholders that is responsive to the information required with respect to this item.

The Registrant has adopted a code of ethics for its directors, executive officers and all other senior financial personnel. The code of ethics is available on the Registrant's website under Corporate Governance. The Registrant will also make copies of its code of ethics available to investors upon request. Any such request should be sent by mail to Bel Fuse Inc., 206 Van Vorst Street, Jersey City, NJ 07302 Attn: Colin Dunn or should be made by telephone by calling Colin Dunn at 201-432-0463.

Item 11. Executive Compensation

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2010 annual meeting of shareholders that is responsive to the information required with respect to this Item.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The table below depicts the securities authorized for issuance under the Company's equity compensation plans. The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2010 annual meeting of shareholders that is responsive to the remaining information required with respect to this Item.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	34,000	$ 29.50	835,785
Equity compensation plans not approved by security holders	-	-	-
Totals	34,000	$ 29.50	835,785

Item 13. Certain Relationships and Related Transactions, and Director Independence

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2010 annual meeting of shareholders that is responsive to the information required with respect to this Item.

Item 14. Principal Accountant Fees and Services

The Registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2010 annual meeting of shareholders that is responsive to the information required with respect to this Item.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(b) Exhibits

Exhibit No.:

3.1 Certificate of Incorporation, as amended, is incorporated by reference to Exhibit 3.1 of the Company’s Annual Report on Form 10-K for the year ended December 31, 1999.

3.2 By-laws, as amended, are incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-2 (Registration No. 33-16703) filed with the Securities and Exchange Commission on August 25, 1987.

10.1 Agency agreement dated October 1, 1988 between Bel Fuse Ltd. and Rush Profit Ltd. Incorporated by reference to Exhibit 10.1 of the Company's annual report on Form 10-K for the year ended December 31, 1994.

10.2 2002 Equity Compensation Program. Incorporated by reference to the Registrant’s proxy statement for its 2002 annual meeting of shareholders.

10.3 Credit and Guaranty Agreement, dated as of February 12, 2007, by and among Bel Fuse, Inc., as Borrower, the Subsidiary Guarantors party thereto and the Bank of America, N.A., as Lender. Filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on February 16, 2007 and incorporated herein by reference.

10.4 Amended and Restated Bel Fuse Supplemental Executive Retirement Plan, dated as of April 17, 2007. Filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 23, 2007 and incorporated herein by reference.

10.5 Contract for Purchase and Sale of Real Estate dated July 15, 2004 between Bel Fuse Inc. and Fields Development Group Co. Incorporated by reference to Exhibit 10.9 of the Company’s Form 10-K for the year ended December 31, 2004.

10.6 First Amendment to Credit and Guaranty Agreement dated as of April 30, 2008, by and among Bel Fuse, Inc., as Borrower, the Subsidiary Guarantors party thereto and the Bank of America, N.A., as Lender.

10.7 Second Amendment to Credit and Guaranty Agreement dated as of June 30, 2009, by and among Bel Fuse, Inc., as Borrower, the Subsidiary Guarantors party thereto and the Bank of America, N.A., as Lender.

10.8 Stock purchase agreement by and among Safran USA, Inc., Safran UK Limited and Bel Fuse Inc., dated as of December 28, 2009.

10.9 Third Amendment to Credit and Guaranty Agreement dated as of January 29, 2010, by and among Bel Fuse, Inc., as Borrower, the Subsidiary Guarantors party thereto and the Bank of America, N.A., as Lender.

11.1 A statement regarding the computation of earnings per share is omitted because such computation can be clearly determined from the material contained in this Annual Report on Form 10-K.

14.1 Bel Fuse Inc. Code of Ethics, adopted February 11, 2004. Incorporated by reference to Exhibit 14.1 of the Company’s Form 10-K for the year ended December 31, 2007.

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K (continued)

Exhibit No.:

21.1 Subsidiaries of the Registrant.

23.1 Consent of Independent Registered Public Accounting Firm.

24.1 Power of attorney (included on the signature page)

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Vice President of Finance pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.

32.2 Certification of the Vice-President of Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BEL FUSE INC.

BY: /s/ Daniel Bernstein
Daniel Bernstein, President, Chief Executive Officer and Director

Dated: March 12, 2010

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Daniel Bernstein and Colin Dunn as his/her attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place, and stead, in any and all capacities, to sign and file any and all amendments to this Annual Report on Form 10-K, with all exhibits thereto and hereto, and other documents with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Daniel Bernstein Daniel Bernstein	President, Chief Executive Officer and Director	March 12, 2010
/s/ Howard Bernstein Howard B. Bernstein	Director	March 12, 2010
/s/ Robert H. Simandl Robert H. Simandl	Director	March 12, 2010
/s/ Peter Gilbert Peter Gilbert	Director	March 12, 2010
/s/ John Tweedy John Tweedy	Director	March 12, 2010
/s/ John Johnson John Johnson	Director	March 12, 2010

Signature	Title	Date
/s/ Avi Eden Avi Eden	Director	March 12, 2010
/s/ Colin Dunn Colin Dunn	Vice-President - Finance and Secretary	March 12, 2010

EXHIBIT 10.6

FIRST AMENDMENT TO CREDIT AND GUARANTY AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AND GUARANTY AGREEMENT (hereinafter referred to as this "First Amendment") is made as of the 30th day of April, 2008, by and among

BEL FUSE INC., a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, having an address located at 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as the "Borrower").

AND

BEL VENTURES INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Ventures").

AND

BEL POWER INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Massachusetts, having an address located at c/o Bel Fuse Inc.. 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Power"),

AND

BEL TRANSFORMER INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc.. 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Transformer").

AND

BEL CONNECTOR INC., a corporation duly organized. validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc.. 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Connector" and hereinafter, Bel Ventures, Bel Power, Bel Transformer, and Bel Connector shall be collectively referred to as the "Guarantors")

AND

BANK OF AMERICA, NATIONAL ASSOCIATION. a national banking association duly organized and validly existing under the laws of the United States of America, having an office located at 750 Walnut Avenue, Cranford, New Jersey 07016 (hereinafter referred to as the "Lender").

WITNESSETH:

WHEREAS, pursuant to the terms, conditions, and provisions of that certain Credit and Guaranty Agreement dated February 12, 2007, executed by and among the Borrower, the Lender. Bel Power Products Inc., a Delaware corporation (hereinafter referred to as "Bel Power Products"). and the Guarantors (hereinafter referred to as the "Loan Agreement"), (i) the Lender made available to the Borrower an unsecured revolving credit loan facility in the maximum principal amount of up to Twenty Million and 00/100 ($20,000,000.00) Dollars for working capital purposes, capital expenditures, and other lawful corporate purposes of the Borrower (hereinafter referred to as the "Revolving,.Credit Facility") and (ii) each Guarantor and Bel Power Products, as an original guarantor, absolutely. irrevocably and unconditionally guarantied the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the “Borrower Obligations”. (as such term is defined in the Loan Agreement); and

WHEREAS, the Revolving Credit Facility is evidenced by that certain Revolving Credit Loan Note dated February 12, 2007, executed by the Borrower, as maker, in favor of the Lender, as payee (hereinafter referred to *as* the "Revolving Credit Loan Note"), in the maximum principal amount of up to $20,000,000.00; and

WHEREAS, Bel Power Products has merged with and into Bel Power, with Bel Power being the surviving entity, as evidenced by (i) those certain Articles of Merger Involving Domestic Corporations, Foreign Corporations or Foreign Other Entities dated July 6, 2006 and filed with the Office of the Secretary of the Commonwealth of Massachusetts on September 1, 2006 and (ii) that certain Certificate of Merger dated January 10, 2008 and filed with the Secretary of State of the State of Delaware on January 22, 2008; and

WHEREAS, the Borrower, the Guarantors, and the Lender have agreed to amend the Loan Agreement pursuant to the terms, conditions, and provisions of this First Amendment for the purposes more fully set forth and described herein; and

WHEREAS, defined terms used but not expressly defined herein shall have the same meanings when used herein as set forth in the Loan Agreement.

NOW, THEREFORE, intending to be legally bound hereby the Borrower, the Guarantors, and the Lender hereby promise, covenant, and agree as follows:

I. **Loan Agreement.** The Loan Agreement is amended and modified by this First Amendment as follows:

The existing definition of "Combined Current Ratio- in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new material is hereby inserted in its place and stead:

"Intentionally Deleted,"

The existing definition of "Consolidated Net Worth" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new material is hereby inserted in its place and stead:

"Intentionally Deleted."

(iii) The existing definition of "Loan Documents" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new definition of "Loan Documents" is hereby inserted in its place and stead:

"Loan Documents" means, collectively, this Agreement, the Note, the First Amendment, each Secured Hedging Agreement and all other agreements, instruments and documents executed or delivered in connection herewith."

(iv) The existing definition of "Revolving Maturity Date" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new definition of "Revolving Maturity Date" is hereby inserted in its place and stead:

""Revolving Maturity Date" means June 30, 2011, or such earlier date on which the Revolving Loans shall become due and payable, whether by acceleration or otherwise."

(v) The following new definitions are hereby inserted into Section 1.1 of the Loan Agreement in their respective proper places:

""Consolidated Tangible Net Worth" means, at any date of determination, the sum of (i) all amounts which would be included under "stockholder's equity" or any analogous entry on a consolidated balance sheet of the Borrower and the Subsidiaries determined in accordance with GAAP as of such date, minus (ii) all intangible assets (i.e., such assets that are considered to be intangible assets under GAAP, including, without limitation, customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents. franchises, licenses, unamortized deferred charges. unamortized debt discount, and capitalized research and development costs) of the Borrower and the Subsidiaries determined in accordance with GAAP as of such date of determination, plus (iii) to the extent deducted from such stockholder's equity, the aggregate amount (not to exceed $60.000,000.00 in the aggregate) of stock repurchases made by the Borrower pursuant to Section 7.7(d) hereof."

“"First Amendment" shall mean that certain First Amendment to Credit and Guaranty Agreement dated as of April 30, 2008 executed by and among the Borrower, the Lender, and the then current Subsidiary Guarantors as of the date of such First Amendment to Credit and Guaranty Agreement, pursuant to which the parties thereto amended and modified the terms, conditions, and provisions of this Agreement."

(vi) Section 7.4(e) of the Loan Agreement is hereby deleted in its entirety and the following new Section 7.4(e) is hereby inserted in its place and stead:

"(e) other Investments in marketable securities (other than Cash Equivalents) in an amount not in excess of 10% of Consolidated Tangible Net Worth; provided, however, that after giving effect to any Investment described in this Section 7.4(e), Margin Stock shall constitute less than 25% of the consolidated assets (as determined by any reasonable method) of the Borrower and the Subsidiaries;".

(vii) Section 7.14(a) of the Loan Agreement is hereby deleted in its entirety and the following new Section 7.14(a) is hereby inserted in its place and stead:

> "(a) *Minimum Consolidated Tangible Net Worth.* The Borrower shall not permit its Consolidated Tangible Net Worth to be less than, as of the last day of any fiscal quarter, an amount equal to $190,000,000.00 plus the sum for each fiscal quarter ending after December 31, 2007 of 50% of the net income, if positive, of the Borrower and its Subsidiaries on a consolidated basis for each such fiscal quarter plus an amount equal to 75% of the net proceeds of any issuance of equity by the Borrower."

(viii) Section 7.14(d) of the Loan Agreement is hereby deleted in its entirety and the following new Section 7.14(d) is hereby inserted in its place and stead:

> *"Intentionally Deleted."*

(ix) Any **and** all references to the "Loan Agreement" shall he amended and modified to refer to the Loan Agreement as amended and modified by this First Amendment.

2. **Remaking of Representations and Warranties.** All representations and warranties contained in the Loan Agreement, as amended and modified by this First Amendment. and all of the other Loan Documents, are true, accurate, and complete as of the date hereof and shall be deemed continuing representations and warranties so long as the Revolving Credit Facility shall remain outstanding.

3. **No Amendment of Other Terms.** All other terms and conditions of the Loan Agreement, as amended and modified by this First Amendment, the Revolving Credit Loan Note, and all of the other Loan Documents remain in full force and effect, except as amended and modified herein, and the parties hereto hereby expressly confirm and reaffirm all of their respective liabilities, obligations, duties and responsibilities under and pursuant to the Loan Agreement, the Revolving Credit Loan Note, and all of the other Loan Documents.

4. **Further Agreements and Representations.** The Borrower and the (Guarantors do hereby (i) ratify, confirm and acknowledge that the Loan Agreement, as amended and modified by this First Amendment, the Revolving Credit Loan Note, and all other Loan Documents continue to be valid, binding and in full force and effect: (ii) acknowledge and agree that. as of the date hereof, the Borrower has no defense, set-off, counterclaim or challenge against the payment of any sums due and owing to the Lender or the enforcement of any of the terms of the Loan Agreement and/or any of the other Loan Documents: (iii) acknowledge **and agree that all representations and warranties** of the Borrower and the Guarantors contained in the Loan Agreement and the other Loan Documents are true, accurate and correct as of the date hereof as if made on and as of the date hereof, except to the extent any such representation or warranty is by its terms limited to a certain date or dates in which case it remains true, accurate and correct as of such date or dates and that none of the corporate documents of the Borrower *or* the Guarantors have been materially amended, modified or supplemented since the date of the execution and delivery of the Loan Agreement; and (iv) represent and warrant that the Borrower and the Guarantors have taken all necessary action required by law and by their respective corporate governing documents to execute and deliver this First Amendment and that such execution and delivery constitutes the legal and validly binding action of such entities.

5. **No Novation.** It is the intention of the parties hereto that this First Amendment shall not constitute a novation.

6. **Additional Documents: Further Assurances.** The Borrower and the Guarantors hereby covenant and agree to execute and deliver to the Lender, or to cause to be executed and delivered to the Lender contemporaneously herewith, at their sole cost and expense, any other documents, agreements, statements, resolutions, certificates, opinions, consents, searches and information as the Lender may reasonably request in connection with the matters or actions described herein. The Borrower and the Guarantors hereby further covenant and agree to execute and deliver to the Lender, or to use reasonable efforts to cause to be executed and delivered to the Lender, at their sole cost and expense, from time to time, any and all other documents, agreements, statements, certificates and information as the Lender shall reasonably request to evidence or effect the terms of the Loan Agreement, and/or any of the other Loan Documents. All such documents, agreements, statements, etc., shall he in form and content reasonably acceptable to the Lender.

7. **Fees, Costs, Expenses and Expenditures.** The Borrower shall pay all of the Lender's reasonable expenses in connection with this First Amendment, including, without limitation, reasonable fees and disbursements of Lender's legal counsel.

8. **No Waiver.** Nothing contained herein constitutes an agreement or obligation by the Lender to grant any further amendments to any of the Loan Documents, as amended and modified hereby, and nothing contained herein constitutes a waiver or release by the Lender of any rights or remedies available to the Lender under the Loan Documents, as amended and modified hereby, at law or in equity.

9. **Binding Effect; Governing Law.** This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and/or assigns. This First Amendment shall he governed by and construed in accordance with the laws of the State of New Jersey.

10. **Counterparts.** This First Amendment may be executed by one or more of the parties to this First Amendment in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the Lender, the Borrower, and the Guarantors have duly executed and delivered this First Amendment, all as of the day and year first written above.

BORROWER:

BEL FUSE INC., a New Jersey corporation

By: ______________________________
Colin Dunn
Vice President

GUARANTORS:

BEL VENTURES INC., a Delaware corporation

BEL POWER INC., a Massachusetts corporation

BEL TRANSFORMER INC., a Delaware corporation

BEL CONNECTOR INC., a Delaware corporation

AS TO EACH OF THE FOREGOING:

By: ______________________________
Colin Dunn
Vice President of each of the above-referenced corporations

LENDER:

BANK OF AMERICA, N.A.

By: ______________________________
David J. Bard il
Senior Vice President

SECOND AMENDMENT TO CREDIT AND GUARANTY AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AND GUARANTY AGREEMENT (hereinafter referred to as this "Second Amendment") is made as of the 30th day of June, 2009, by and among

BEL FUSE INC., a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, having an address located at 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as the "Borrower"),

AND

BEL VENTURES INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Ventures"),

AND

BEL POWER INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Massachusetts, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Power"),

AND

BEL TRANSFORMER INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Transformer").

AND

BEL CONNECTOR INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Connector" and hereinafter, Bel Ventures, Bel Power, Bel Transformer, and Bel Connector shall be collectively referred to as the "Guarantors")

AND

BANK OF AMERICA, NATIONAL ASSOCIATION, a national banking association duly organized and validly existing under the laws of the United States of America, having an office located at 750 Walnut Avenue, Cranford, New Jersey 07016 (hereinafter referred to as the "Lender").

WITNESSETH:

WHEREAS, pursuant to the terms, conditions, and provisions of that certain Credit and Guaranty Agreement dated February 12, 2007, executed by and among the Borrower, the Lender, Bel Power Products Inc., a Delaware corporation (hereinafter referred to as "Bel Power Products"), and the Guarantors (hereinafter referred to as the "Original Loan Agreement"), (i) the Lender made available to the Borrower an unsecured revolving credit loan facility in the maximum principal amount of up to Twenty Million and 00/100 ($20,000,000.00) Dollars for working capital purposes, capital expenditures, and other lawful corporate purposes of the Borrower (hereinafter referred to as the "Revolving Credit Facility") and (ii) each Guarantor and Bel Power Products, as an original guarantor, absolutely, irrevocably and unconditionally guarantied the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the "Borrower Obligations" (as such term is defined in the Original Loan Agreement); and

WHEREAS, the Revolving Credit Facility is evidenced by that certain Revolving Credit Loan Note dated February 12, 2007, executed by the Borrower, as maker, in favor of the Lender, as payee (hereinafter referred to as the "Revolving Credit Loan Note"), in the maximum principal amount of up to $20,000,000.00; and

WHEREAS, Bel Power Products has merged with and into Bel Power, with Bel Power being the surviving entity, as evidenced by (i) those certain Articles of Merger Involving Domestic Corporations, Foreign Corporations or Foreign Other Entities dated July 6, 2006 and filed with the Office of the Secretary of the Commonwealth of Massachusetts on September 1, 2006 and (ii) that certain Certificate of Merger dated January 10, 2008 and filed with the Secretary of State of the State of Delaware on January 22, 2008; and

WHEREAS, pursuant to the terms, conditions, and provisions of that certain First Amendment to Credit and Guaranty Agreement dated as of April 30, 2008, executed by and among the Lender, the Borrower, and the Guarantors (hereinafter referred to as the "First Amendment"), the Borrower, the Guarantors, and the Lender amended the Original Loan Agreement for the purposes more fully set forth and described therein (hereinafter the Original Loan Agreement, as amended and modified by the First Amendment, shall he referred to as the "Loan Agreement"); and

WHEREAS, the Borrower, the Guarantors, and the Lender have agreed to further amend and modify the terms, conditions, and provisions of the Loan Agreement pursuant to the terms, conditions, and provisions of this Second Amendment for the purposes more fully set forth and described herein; and

WHEREAS, defined terms used but not expressly defined herein shall have the same meanings when used herein as set forth in the Loan Agreement.

NOW, THEREFORE, intending to be legally bound hereby the Borrower, the Guarantors, and the Lender hereby promise, covenant, and agree as follows:

1. **Loan Agreement.** The Loan Agreement is hereby amended and modified by this Second Amendment as follows:

(i) The existing definition of "Consolidated Fixed Charge Ratio" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new definition is hereby inserted in its place and stead:

"Consolidated Fixed Charge Ratio" means, as of the last day of each fiscal quarter, the ratio of (i) Consolidated EBITDA plus unrestricted and unencumbered cash and Cash Equivalents in excess of $20,000,000.00 in the aggregate held in the United States of America in the name of the Borrower or any of its Domestic Subsidiaries -to- (ii) Consolidated Fixed Charges, in each case the Four Quarter Trailing Period."

(ii) The existing definition of "Loan Documents" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new definition of "Loan Documents" is hereby inserted in its place and stead:

""Loan Documents" means, collectively, this Agreement, the Note, the First Amendment, the Second Amendment, each Secured Hedging Agreement and all other agreements, instruments and documents executed or delivered in connection herewith."

(iii) The following new definition is hereby inserted into Section 1.1 of the Loan Agreement in its proper place:

""Second Amendment" shall mean that certain Second Amendment to Credit and Guaranty Agreement dated as of June 30, 2009 executed by and among the Borrower, the Lender, and the then current Subsidiary Guarantors as of the date of such Second Amendment to Credit and Guaranty Agreement, pursuant to which the parties thereto amended and modified the terms, conditions, and provisions of this Agreement."

(iv) Section 6.1(f) of the Loan Agreement is hereby deleted in its entirety and the following new Sections 6.1(f) and (g) are hereby inserted in its place and stead:

“(f) concurrently with any delivery of financial statements under subsections (a) or (b) above, a report of cash and Cash Equivalents as of the end of the relevant quarterly or annual period, in form and substance reasonably acceptable to the Lender; and

(g) promptly following any request therefor, such other information regarding the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Lender may reasonably request."

(v) Any and all references to the "Loan Agreement" shall be amended and modified to refer to the Loan Agreement as amended and modified by this Second Amendment.

2. **Remaking of Representations and Warranties.** All representations and warranties contained in the Loan Agreement, as amended and modified by this Second Amendment, and all of the other Loan Documents, are true, accurate, and complete as of the date hereof and shall be deemed continuing representations and warranties so long as the Revolving Credit Facility shall remain outstanding.

3. **No Amendment of Other Terms.** All other terms and conditions of the Loan Agreement, as amended and modified by this Second Amendment, the Revolving Credit Loan Note, and all of the other Loan Documents remain in full force and effect, except as amended and modified herein, and the parties hereto hereby expressly confirm and reaffirm all of their respective liabilities, obligations, duties and responsibilities under and pursuant to the Loan Agreement, the Revolving Credit Loan Note, and all of the other Loan Documents.

4. **Further Agreements and Representations.** The Borrower and the Guarantors do hereby (i) ratify, confirm and acknowledge that the Loan Agreement, as amended and modified by this Second Amendment, the Revolving Credit Loan Note, and all other Loan Documents continue to be valid, binding and in full force and effect; (ii) acknowledge and agree that, as of the date hereof, the Borrower has no defense, set-off, counterclaim or challenge against the payment of any sums due and owing to the Lender or the enforcement of any of the terms of the Loan Agreement and/or any of the other Loan Documents; (iii) acknowledge and agree that all representations and warranties of the Borrower and the Guarantors contained in the Loan Agreement and the other Loan Documents are true, accurate and correct as of the date hereof as if made on and as of the date hereof, except to the extent any such representation or warranty is by its terms limited to a certain date or dates in which case it remains true, accurate and correct as of such date or dates and that none of the corporate documents of the Borrower or the Guarantors have been materially amended, modified or supplemented since the date of the execution and delivery of the Loan Agreement; and (iv) represent and warrant that the Borrower and the Guarantors have taken all necessary action required by law and by their respective corporate governing documents to execute and deliver this Second Amendment and that such execution and delivery constitutes the legal and validly binding action of such entities.

5. **No Novation.** It is the intention of the parties hereto that this Second Amendment shall not constitute a novation.

6. **Additional Documents; Further Assurances.** The Borrower and the Guarantors hereby covenant and agree to execute and deliver to the Lender, or to cause to be executed and delivered to the Lender contemporaneously herewith, at their sole cost and expense, any other documents, agreements, statements, resolutions, certificates, opinions, consents, searches and information as the Lender may reasonably request in connection with the matters or actions described herein. The Borrower and the Guarantors hereby further covenant and agree to execute and deliver to the Lender, or to use reasonable efforts to cause to be executed and delivered to the Lender, at their sole cost and expense, from time to time, any and all other documents, agreements, statements, certificates and information as the Lender shall reasonably request to evidence or effect the terms of the Loan Agreement, and/or any of the other Loan Documents. All such documents, agreements, statements, etc., shall be in form and content reasonably acceptable to the Lender.

7. **Fees, Costs, Expenses and Expenditures.** The Borrower shall pay all of the Lender's reasonable expenses in connection with this Second Amendment, including, without limitation, reasonable fees and disbursements of Lender's legal counsel.

8. **No Waiver.** Nothing contained herein constitutes an agreement or obligation by the Lender to grant any further amendments to any of the Loan Documents, as amended and modified hereby, and nothing contained herein constitutes a waiver or release by the Lender of any rights or remedies available to the Lender under the Loan Documents, as amended and modified hereby, at law or in equity.

9. **Binding Effect; Governing Law.** This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and/or assigns. This Second Amendment shall be governed by and construed in accordance with the laws of the State of New Jersey.

10. **Counterparts.** This Second Amendment may be executed by one or more of the parties to this Second Amendment in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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IN WITNESS WHEREOF, the Lender, the Borrower, and the Guarantors have duly executed and delivered this Second Amendment, all as of the day and year first written above.

BORROWER:

BEL FUSE INC., a New Jersey corporation

By: ________________________
Colin Dunn
Vice President

GUARANTORS:

BEL VENTURES INC., a Delaware corporation

BEL POWER INC., a Massachusetts corporation

BEL TRANSFORMER INC., a Delaware corporation

BEL CONNECTOR INC., a Delaware corporation

AS TO EACH OF THE FOREGOING:

By: ________________________
Colin Dunn
Vice President of each of the above-referenced corporations

LENDER:

BANK OF AMERICA, N.A.

By: ______________________________
Name:
Title:

EXHIBIT 10.8

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

by and among

SAFRAN USA, INC.,

SAFRAN UK LIMITED

and

BEL FUSE INC.

Dated as of

DECEMBER 28, 2009

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is made as of December 28, 2009, by and among Bel Fuse Inc., a New Jersey corporation (the "Purchaser"), SAFRAN USA, Inc., a Delaware corporation ("Seller U.S.") and SAFRAN UK LIMITED (no 2178689), a private limited company incorporated in England and Wales ("Seller U.K.", and together with Seller U.S., the "Sellers" and each a "Seller").

WITNESSETH:

WHEREAS, Seller U.S. owns all of the outstanding shares of capital stock (the "U.S. Shares") of Cinch Connectors, Inc., a Delaware corporation ("Cinch U.S."), and Seller U.K. owns all of the outstanding shares (the "U.K. Shares" and, together with the U.S. Shares, the "Shares") of Cinch Connectors Limited, a private limited company incorporated in England and Wales under number 2178707 ("Cinch U.K.", and together with Cinch U.S., the "Companies" and each a "Company");

WHEREAS, Cinch U.S. owns 39,998 shares (the "MX Majority Shares") of the capital stock of Cinch Connectors de Mexico, S.A. de C.V. ("Cinch MX") a *Sociedad Anonima de Capital Variable*, incorporated under the laws of the United Mexican states ("Mexico"), which such shares represent 99.9% of the issued and outstanding capital stock of Cinch MX; and

WHEREAS, upon the terms and conditions and for the purchase price set forth herein, the Sellers desire to (a) sell to the Purchaser, and the Purchaser desires to purchase from the Sellers, the Shares, and (b) cause Labinal Investments, Inc. ("Labinal") to sell, assign or transfer to the Designee (as defined below) two (2) of the shares (the "MX Minority Shares", and together with the MX Majority Shares, the "MX Shares") of the capital stock of Cinch MX, which such shares represent 0.1% of the issued and outstanding capital stock of Cinch MX.

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual provisions set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. For the purposes of this Agreement and the Ancillary Agreements:

"Accounting Methodologies" means the accounting methodologies set forth on Section 1.1(a) of the Seller Disclosure Schedule, to be used solely for purposes of calculating the Net Working Capital, Net Cash and Aggregate Revenues of the Acquired Companies.

"Acquired Companies" means, collectively, the Companies and their Subsidiaries including, in the case of Cinch U.S., Cinch MX.

"Affiliate" means, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the specified Person. For purposes of this definition, (i) the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise and (ii) the Acquired Companies shall each be deemed an "Affiliate" of the Purchaser beginning as of the Closing.

"Affiliated Group" means a group of corporations with which any Acquired Company has filed consolidated, combined, unitary or similar Tax Returns.

"Aggregate Revenues" means, for a relevant period, the aggregate revenues of the Acquired Companies, calculated in the same manner, and in accordance with the same policy, as revenues are calculated in preparing the Financial Statements and in the manner set forth on the Accounting Methodologies.

"Ancillary Agreements" means the Amended and Restated Labinal Supply Agreement and the Affiliate Releases.

"Business Day" means any day other than Saturday, Sunday or any day on which banking institutions in Paris, France or New York, New York are closed either under applicable Law or action of any Governmental Authority.

"Cash" means, with respect to a Person, the amount of cash, cash equivalents and liquid investments on hand or credited to any account open in the name of such Person with a financial institution (plus all uncollected bank deposits and less all outstanding checks), as of the close of business on the Closing Date.

"Change of Control Payments" means all sale, "stay-around," retention, or similar bonuses or payments to those current or former directors, officers, employees and consultants of the Acquired Companies set forth on Section 2.7 of the Seller Disclosure Schedule as a result of or in connection with the transactions contemplated by this Agreement and the actual or constructive termination of such employees after the Closing in accordance with the terms of their respective change of control agreements.

"Closing Condition Material Adverse Effect" means the failure of the Aggregate Revenues to exceed US$11,000,000 during any Pre-Closing Three Calendar Month Period. For purposes of this calculation, the Aggregate Revenues will be determined in accordance with the Accounting Methodologies.

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

"Company Plan" means any "employee benefit plan" (as defined in Section 3(3) of ERISA) (excluding any "multiemployer plan" (as defined in Section 3(37) of ERISA)) and any other material plan, Contract or arrangement involving direct or indirect compensation, including insurance coverage, sick leave, disability, health benefits, vacation policies, severance benefits, change in control benefits, deferred compensation, bonuses, stock options, stock purchase, stock awards, phantom stock, stock appreciation or other forms of incentive compensation or post- retirement compensation that (i) is sponsored or maintained by any Acquired Company or the Sellers for the benefit of any Employees, (ii) has been approved by any Acquired Company or the Sellers for the benefit of any Employees but is not yet effective or (iii) was previously maintained by any Acquired Company or the Sellers for the benefit of any Employees and with respect to which any Acquired Company has any liability. For purposes of Section 3.12(a) and Section 10.1 only, "Company Plan" will exclude the "Main Scheme" and the "Stakeholder Scheme" (both as defined in Section 3.12(b)(i).

"Company Transaction Expenses" means, except as otherwise expressly set forth in this Agreement, any fees and expenses of counsel, advisors, consultants, investment bankers, accountants, and auditors and experts of the Acquired Companies.

"Contract" means any contract, agreement, lease, license, commitment, understanding, franchise, warranty, guaranty, mortgage, note, bond or other instrument or consensual obligation that is legally binding.

"Copyrights" means all copyrights and registrations and applications therefor, works of authorship and mask work rights.

"Dataroom" means the collection of documents, materials and information relating to the Sellers and Acquired Companies contained in the online data room which is operated by Merrill Datasite and made available to Purchaser and its advisors prior to the date hereof, a digital copy of which was provided to Purchaser on December 14, 2009 and the index to which is attached hereto as Section 1.1(b) of the Seller Disclosure Schedule.

"Employees" means any current or former director, officer or employee of any Acquired Company.

"Encumbrance" means any lien, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, encumbrance or any other restriction or limitation whatsoever other than (a) carrier's, warehousemen's, mechanic's, materialmen's and other similar liens with respect to amounts that are not yet due and payable or that are being contested in good faith, in each case, that are not material to the business, operations and financial condition of the Companies or the assets of the Companies so encumbered and that are not resulting from a breach, default or violation by a Company or any of its Subsidiaries of any Contract or Law, (b) statutory liens for Taxes that are not yet due and payable or that are being contested in good faith, (c) restrictions on the transferability of securities arising under applicable securities Laws and (d) restrictions arising under applicable zoning and other land use Laws that do not, individually or in the aggregate, have a material adverse effect on the present use or occupancy of the property subject thereto and provided that such Laws have not been violated.

"Environment" means any land surface or subsurface strata, air, surface water, ground water, drinking water supply, stream and river sediments, and natural resources, including wildlife, fish and biota and other environmental resources belonging to, managed by, or held in trust by any governmental sovereign, including the U.S., any state or local Governmental Entity, any foreign government or any other Person so designated under Environmental Laws.

"Environmental Law" means any Law, statute, rule, regulation, order, ordinance, administrative ruling, decree, judgment, permit, or any other requirement of any Governmental Authority concerning (a) the handling, storage, transport, treatment, disposal, emission, discharge, Release or threatened Release or other regulation of Hazardous Material or (b) the protection of human health and safety and the Environment (including natural resources, wetlands, sediments, ambient air and surface or subsurface land or waters) including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), the General Law of Ecological Equilibrium and Environmental Protection *("Ley General del Equilibrio Ecologico y la Proteccion at Ambiente")*, the National Waters Law *("Ley de Aguas Nacionales")*, the General Law for the Prevention and Integral Management of Wastes *("Ley General para la Prevencion y Gestion Integral de los Residuos")*, the Regulations of the General Law for the Prevention and Integrated Management of Waste *("Reglamento de la Ley General para la Prevencion y Gestion Integral de los Residuos")*, the General Health Law *("Ley General de Salud")*, and their respective regulations, as well as the Federal Regulation for Safety and Health in the Work Environment *("Reglamento Federal de Seguridad, Higiene y Medio Ambiente en el Trabajo")*, the applicable Mexican Official Standards *(Normas Oficiales Mexicanas)*, as such environmental laws may be amended, amended and restated, supplemented, substituted or otherwise modified from time to time, as well as any applicable analogous provisions of state, local, federal or nonU.S. Laws.

"Environmental Liabilities" means, with respect to any Person, all claims, judgments, Liabilities, encumbrances, liens, violations, obligations, responsibilities, remedial actions, losses, damages, punitive damages, treble damages, costs and expenses (including any amounts paid in settlement, all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person, whether known or unknown, accrued or contingent, whether based in contract, tort, implied or express warranty, strict Liability, criminal or civil statute, to the extent based upon, or arising under or pursuant to any Environmental Law or Environmental Permit.

"Environmental Permit" means any permit, license, approval, consent, franchise, privilege, variance, immunity, registration and other authorization issued by a Governmental Authority pursuant to any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means Cinch U.S. and its Subsidiaries or any of their Affiliates and any trade or business (whether or not incorporated) that is or has ever been under common control, or that is or has ever been treated as a single employer, with any of them under Section 414(b), (c), (m) or (o) of the Code.

"FG" means all inventory of finished goods owned, used or held for use by any of the Acquired Companies.

"Governing Documents" means any charter, articles, bylaws, certificate, statement, statutes or similar document adopted, filed or registered in connection with the creation, formation or organization of an entity.

"Governmental Authority" means any (a) nation, region, state, county, city, town, village, district or other jurisdiction, (b) federal, state, local, municipal, foreign or other government, (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department or other entity and any court or other tribunal), (d) multinational organization exercising judicial, legislative or regulatory power or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature of any federal, state, local, municipal, foreign or other government, in each case anywhere throughout the world.

"Governmental Authorization" means any approval, consent, ratification, waiver, license, permit, registration or other authorization issued or granted by any Governmental Authority.

"Hazardous Material" means any waste or other substance that is listed, defined, designated or classified as hazardous, radioactive or toxic or a pollutant or a contaminant under any Environmental Law, including any admixture or solution thereof, and including petroleum and all derivatives thereof or synthetic substitutes therefor, asbestos or asbestos-containing materials in any form or condition, polychlorinated biphenyls, radon, or chlorofluorocarbons or other ozone-depleting substances.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness" of any Person means, without duplication, (a) the principal, accreted value, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations owed or accrued as of the Closing Date to a third party financial institution in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (b) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the ordinary course of business (other than the current liability portion of any indebtedness for borrowed money)); (c) all obligations of such Person under leases required to be capitalized in accordance with U.S. GAAP or U.K. GAAP; (d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (e) all obligations of such Person under interest rate or currency swap transactions (valued at the termination value thereof); (f) the liquidation value, accrued and unpaid dividends; prepayment or redemption premiums and penalties (if any), unpaid fees or expenses and other monetary obligations in respect of any redeemable preferred stock of such Person; (g) all obligations of the type referred to in clauses (a) through (f) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (h) all obligations of the type referred to in clauses (a) through (g) of other Persons secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Encumbrance on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"Indemnification Articles" means Article 8, Article 9 and/or Article 10.

"Intellectual Property" means any and all intellectual property rights owned or used by the Acquired Companies arising from or in respect of the following, whether protected, created or arising under the laws of the U.S., Mexico, the U.K. or any other jurisdiction: (i) all Patents, (ii) Marks, (iii) Copyrights, (iv) URLs; (v) Trade Secrets, and (vi) all Software and Technology of the Acquired Companies.

"Intellectual Property Licenses" means (i) any grant by an Acquired Company to another Person of any right to use any of the Intellectual Property, and (ii) any grant by another Person to an Acquired Company of a right to use such Person's intellectual property rights included in the Intellectual Property.

"Inventory" means all inventory owned, used or held for use by any of the Acquired Companies, including all Raw Materials, WIP and FG.

"IRS" means the United States Internal Revenue Service and, to the extent relevant, the United States Department of Treasury.

"Judgment" means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Authority or arbitrator.

"Knowledge" means (i) with respect to the Sellers, the actual knowledge, without any obligation of independent investigation, of any of the individuals listed in Section 1.1(c) of the Seller Disclosure Schedule and (ii) with respect to the Purchaser, the actual knowledge, without any obligation of independent investigation, of any of any of Daniel Bernstein, Dennis Ackerman, Peter Bittner, Craig Brosious, Colin Dunn and Avi Eden.

"Law" means, with respect to the U.S., the U.K. and Mexico, any federal, state, local, municipal, foreign, international, multinational, or other constitution, law, statute, treaty, rule, regulation, ordinance or code, including, without limitation, to the extent applicable, all Environmental Laws, all Tax laws, all zoning laws, the Code, ERISA, COBRA, the Small Business Act (15 U.S.C. Sec. 631, et. seq.), the Federal Property and Administrative Services Act, the Federal Acquisition Streamlining Act of 1994, 10 U.S.C. Sec 2323, Executive Order 12138, the Federal Acquisition Regulations, the UK Taxation of Chargeable Gains Act 1992, the UK Finance Act 2008, the UK Finance Act 2002, UK Finance Act 1989, UK Finance Act 2003, the UK Corporation Tax Act 2009, the UK Value Added Tax Act 1994, the UK Income & Corporation Taxes Act 1988 Occupational, the Pension Schemes (Employer Debt) Regulations 2005, the Pensions Act 1995, the Pension Schemes Act 1993, the Finance Act 2004, the Welfare Reform and Pensions Act 1999, the Occupational Pension Schemes (Cross-border Activities) Regulations 2005, the Pensions Act 2004, the Transfer of Undertakings (Protection of Employment) Regulations 1981 or 2006, the Working Time Regulations 1998, the Employment Rights Act 1996, Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995, the Employment Equality (Sexual Orientation) Regulations 2003, the Employment Equality (Religion or Belief) Regulations 2003, the National Minimum Wage Act 1998, the Mexican Federal Labor Law (Ley Federal del Trabajo), National Fund for Worker's Housing Institute Law (Ley del Instituto del Fondo Nacional de la Vivienda para los Trabajadores), Social Security Law (Ley del Seguro Social), Retirement Savings Fund System Law, (Ley de los Sistemas de Ahorro para el Retiro), Federal Regulation for Safety and Health in the Work Environment ("Reglamento Federal de Seguridad, Higiene y Medio Ambiente en el Trabajo"), the applicable Mexican Official Standards (Normas Oficiales Mexicanas), as such may be amended, amended and restated, supplemented, substituted or otherwise modified from time to time, as well as any applicable analogous provisions of state, local, federal or non-U.S. Laws.

"Liability" means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation).

"Loss" or "Losses" means any and all direct and actual Liabilities, losses, damages, Judgments, fines, penalties, costs or expenses (including reasonable attorney's or other professional fees and expenses) but excluding any special, incidental, indirect, exemplary, punitive or consequential damages (including lost profits, loss of revenue or lost sales, or amounts calculated as a multiple of earnings, profits, revenue, sales or other measure).

"Marks" means all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, slogans, corporate names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof.

"Material Adverse Effect" means any event, change, circumstance, effect or other matter that, individually or in the aggregate with any other event, change, circumstance, effect or other matter, has a material adverse effect on (a) the business, financial condition or results of operations of the Acquired Companies, taken as a whole, or (b) the ability of the Sellers to consummate timely the transactions contemplated by this Agreement; provided, however, that none of the following, either alone or in combination, will constitute a Material Adverse Effect: any event, change, circumstance, effect or other matter resulting from or related to (i) any outbreak or escalation of war or major hostilities or any act of terrorism, (ii) changes in Laws, U.S. GAAP, U.K. GAAP or enforcement or interpretation thereof except to the extent that such event, change, circumstance, effect or other matter has a disproportionate effect on the Acquired Companies as compared with other entities in the industries in which they operate, (iii) changes that generally affect the industries and markets in which any Acquired Company operates except to the extent that such event, change, circumstance, effect or other matter has a disproportionate effect on the Acquired Companies as compared with other entities in the industries in which they operate, (iv) changes in financial markets, general economic conditions (including prevailing interest rates, exchange rates, commodity prices and fuel costs) or political conditions, (v) any failure, in and of itself, of any Acquired Company to meet any published or internally prepared projections, budgets, plans or forecasts of revenues, earnings or other financial performance measures or operating statistics (it being understood that the facts and circumstances underlying any such failure that are not otherwise excluded from the definition of a "Material Adverse Effect" may be considered in determining whether there has been a Material Adverse Effect), (vi) any action taken or failed to be taken pursuant to or in accordance with this Agreement or at the request of, or consented to by, the Purchaser, or (vii) the execution or delivery of this Agreement, the consummation of the transactions contemplated by this Agreement or the public announcement or other publicity with respect to any of the foregoing.

"Net Cash" means the difference between (a) the Cash of the Acquired Companies *minus* (b) the Indebtedness of the Acquired Companies, in all cases as of the close of business on the Closing Date and determined in accordance with the Accounting Methodologies. For purposes of this definition, if the Indebtedness of the Acquired Companies exceeds the Cash of the Acquired Companies, then the Net Cash amount will be a negative number.

"Net Working Capital" means all current assets (not including Cash) minus all current Liabilities (not including Indebtedness or Company Transaction Expenses) as determined in accordance with the Accounting Methodologies.

"Patents" means all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon, and all similar rights arising under the Laws of any jurisdiction in inventions and discoveries including, without limitation, invention disclosures.

"Person" means an individual or an entity, including a corporation, limited liability company, general or limited partnership, trust, association or other business or investment entity, or any Governmental Authority.

"Post-Closing Period" means any taxable period or portion of a period that begins after the Closing Date.

"Pre-Closing Period" means any taxable period or portion of a period that begins on or before the Closing Date and ends on or before the Closing Date.

"Pre-Closing Three Calendar Month Period" means any three consecutive full calendar month period beginning November 1, 2009 through the last day of the full calendar month immediately prior to the date on which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing); provided, however that if such date occurs after the 15^{th} day of a calendar month, then the Pre-Closing Three Calendar Month Period will include the full calendar month in which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing), unless the Purchaser waives (in its sole and absolute discretion) its right to include such final full calendar month in the Pre-Closing Three Calendar Month Period (it being agreed and understood that if all of the conditions set forth in Article 6 have been satisfied or waived on or prior to January 31, 2010 (other than those conditions that by their nature can only be satisfied at the Closing), then the condition to Closing set forth in Section 6.1(c) shall not be applicable in connection with the consummation of the transactions contemplated by this Agreement).

"Previously-owned Land and Buildings" means any land and buildings that has or have, during the nine (9) years before the date of this Agreement, been owned (under whatever tenure) and/or occupied and/or used by any of the Acquired Companies, but which are no longer owned, occupied or used by the Acquired Companies.

"Proceeding" means any action, arbitration, audit, examination, investigation, hearing, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, and whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

"Products" means any and all products designed, manufactured, assembled, repaired, maintained, delivered, sold or installed, or services rendered, by or on behalf of the Acquired Companies.

"Raw Materials" means all inventory of raw materials owned, used or held for use by any of the Acquired Companies.

"Release" means the release, spill, emission, leaking, pumping, pouring, emptying, escaping, dumping, injection, deposit, disposal, discharge, dispersal, leaching or migrating of any Hazardous Material into the environment.

"Schedule" means the Seller Disclosure Schedule or the Purchaser Disclosure Schedule, as the context requires.

"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, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation including user manuals and other training documentation related to any of the foregoing.

"Straddle Period" means any taxable period that begins on or before the Closing Date and ends after the Closing Date.

"Subsidiary" means, with respect to a specified Person, any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the specified Person or one or more of its Subsidiaries. When used in this Agreement without reference to a particular Person, "Subsidiary" means a Subsidiary of a Company.

"Tax" means, (a) any federal, state, local, foreign, or other tax, charge, fee, duty (including customs duty), levy or assessment, including any income, gross receipts, net proceeds, alternative or add-on minimum, corporation, ad valorem, turnover, real property, personal property (tangible or intangible), sales, use, franchise, excise, value added, stamp, leasing, lease, user, transfer, fuel, excess profits, profits, occupational, premium, interest equalization, windfall profits, severance, license, registration, payroll, environmental (including taxes under Section 59A of the Code), capital stock, capital duty, disability, estimated, gains, wealth, welfare, employee's income withholding, other withholding, unemployment or social security or other tax of whatever kind (including any fee, assessment or other charges in the nature of or in lieu of any tax) that is imposed by any Governmental Authority, and (b) any interest, fines, penalties or additions resulting from, attributable to, or incurred in connection with any items described in this paragraph. For the avoidance of doubt, the term "Tax" also includes any penalties relating to foreign bank account reports.

"Tax Attributes" means, any federal, state, local, foreign or other net operating loss, net capital loss, research credit, foreign tax credit, charitable deduction or any other credit, deduction, relief, allowance, exemption, or tax attribute that could be carried forward or back or otherwise utilized to reduce Taxes, including deductions and credits relating to alternative minimum Taxes, and any additional items described in Section 381 of the Code without reference to the conditions and limitations described therein.

"Tax Contest" means an audit, claim, dispute or controversy relating to Taxes.

"Tax Return" means any report, return, declaration, claim for refund, notice, account or information return or statement related to Taxes, including any schedule or attachment thereto, and including any amendment thereof

"Technology" means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by or relate to, or are used by an Acquired Company.

"Trade Secrets" means all discoveries, concepts, ideas, research and development, know- how, formulae, inventions, compositions, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary or confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals of the Acquired Companies, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents.

"Transferred Employee" means those Persons employed by any Acquired Company immediately prior to the Closing, including those employees on vacation, leave of absence, disability (including long-term disability), military, parental or sick leave or layoff (whether or not such employees return to active employment with the Acquired Company).

"U.K." means the United Kingdom of Great Britain and Northern Ireland.

"U.K. GAAP" means U.K. generally accepted accounting principles in the U.K. as of the date hereof.

"URLs" means all uniform resource locators, e-mail and other internet addresses and domain names and applications and registrations therefore.

"U.S." means the United States of America.

"U.S. GAAP" means U.S. generally accepted accounting principles in the U.S. as of the date hereof.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended.

"WIP" means the work-in-process inventory owned, used or held for use by any of the Acquired Companies.

Section 1.2 Additional Defined Terms. For purposes of this Agreement, the following terms have the meanings specified in the section of, or other location in, this Agreement:

Defined Term	Location
10.7 Indemnified Parties	Section 10.7(c)(i)
Acquired Business	Section 5.6(c)(ii)
Acquired Competing Business	Section 5.6(c)(ii)
Acquisition Transaction	Section 5.14(a)
Aggregate Inventory Value	Section 2.3(b)(xi)(A)
Agreement	Preamble
Affiliate Contract	Section 3.21(b)
Affiliate Releases	Section 5.9(a)
Amended and Restated Labinal Supply Agreement	Section 5.12(b)
Antitrust Laws	Section 5.3(d)
Authority Granted	Section 3.24
Balance Sheet Date	Section 3.5
Basket	Section 8.5(b)
Cap	Section 8.5(c)
Cinch MX	Preamble
Cinch Name	Section 5.16
Cinch U.K.	Preamble
Cinch U.K. Books	Section 3.1
Cinch U.K. Estimated Closing Balance Sheet	Section 2.3(a)(i)
Cinch U.K. Estimated Net Working Capital	Section 2.3(a)(i)
Cinch U.S.	Preamble

Target Net Working Capital	Section 2.3(a)(iii)
Tax Adjustment	Section 9.3(b)
Termination Date	Section 7.1(e)
Third Party Claim	Section 8.3(b)
Transfer of the Main Scheme	Section 6.3
Transfer Taxes	Section 9.4
U.K. Financial Statements	Section 3.5
U.K. Purchaser Estimated Closing Balance Sheet	Section 2.3(b)(i)
U.K. Purchaser Estimated Net Working Capital	Section 2.3(b)(i)
U.K. Relationship Manager	Section 5.22(a)
U.K. Shares	Preamble
U.S. Financial Statements	Section 3.5
U.S. Purchaser Estimated Closing Balance Sheet	Section 2.3(b)(i)
U.S. Purchaser Estimated Net Working Capital	Section 2.3(b)(i)
U.S. Relationship Manager	Section 5.22(b)
U.S. Savings Plan	Section 10.1
U.S. Shares	Preamble
Welfare Plans	Section 10.3

Section 1.3 Construction. Any reference in this Agreement to an "Article," "Section," "Exhibit" or "Schedule" refers to the corresponding Article, Section, Exhibit or Schedule of or to this Agreement, unless the context indicates otherwise. The table of contents and the headings of Articles and Sections are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. All words used in this Agreement are to be construed to be of such gender or number as the circumstances require. The words "including," "includes," or "include" are to be read as listing non-exclusive examples of the matters referred to, whether or not words such as "without limitation" or "but not limited to" are used in each instance. Where this Agreement states that a party "shall", "will" or "must" perform in some manner or otherwise act or omit to act, it means that the party is legally obligated to do so in accordance with this Agreement. Any reference to a statute is deemed also to refer to any amendments or successor legislation as in effect at the relevant time. Any reference to a Contract or other document as of a given date means the Contract or other document as amended, supplemented and modified from time to time through such date. Any reference in this Agreement to $ will mean U.S. dollars.

ARTICLE 2
THE TRANSACTION

Section 2.1 Sale and Purchase of Shares. In accordance with the provisions of this Agreement, at the Closing, the Sellers will (i) sell and transfer to the Purchaser, and the Purchaser will purchase and acquire from the Sellers, all of the Shares, free and clear of any Encumbrances and (ii) cause Labinal to transfer the MX Minority Shares to the Designee.

Section 2.2 Purchase Price. On the Closing Date, subject to the adjustments set forth in Section 2.3(a), Purchaser will pay to Sellers $37,500,000.00 (the "Initial Purchase Price") less Company Transaction Expenses unpaid as of the close of business on the day immediately preceding the Closing Date. The Initial Purchase Price as adjusted pursuant to the terms of this Agreement will be the "Purchase Price".

Section 2.3 Purchase Price Adjustment.

(a) *Closing Date Purchase Price Adjustment.*

(i) Estimated Net Working Capital. Not later than three (3) Business Days prior to the Closing Date, the Sellers will provide the Purchaser with (A) an estimated, consolidated balance sheet of Cinch U.S. as of the close of business on the Closing Date (the "Cinch U.S. Estimated Closing Balance Sheet"), (B) an estimated balance sheet of Cinch U.K. as of the close of business on the Closing Date (the "Cinch U.K. Estimated Closing Balance Sheet" and, together with the Cinch U.S. Estimated Closing Balance Sheet, the "Estimated Seller Closing Balance Sheets"), (C) the Sellers' calculations of the Net Working Capital of Cinch U.S. based on the Cinch U.S. Estimated Closing Balance Sheet (the "Cinch U.S. Estimated Net Working Capital"), and (D) the Sellers' calculations of the Net Working Capital of Cinch U.K. based on the Cinch U.K. Estimated Closing Balance Sheet (the "Cinch U.K. Estimated Net Working Capital" and, consolidated with the Cinch U.S. Estimated Net Working Capital, the "Seller Estimated Closing Net Working Capital").

(ii) Estimated Net Cash. Not later than three (3) Business Days prior to the Closing Date, Sellers will provide to Purchaser a good faith estimate of the Net Cash as of the Closing Date, which will be calculated in accordance with the definition of Net Cash (such estimate, the "Estimated Net Cash"). To the extent Estimated Net Cash is positive (i.e., Cash of the Acquired Companies exceeds the Indebtedness of the Acquired Companies) such amount will be added to the Purchase Price paid at the Closing. To the extent Estimated Net Cash is negative (i.e., Indebtedness of the Acquired Companies exceeds Cash of the Acquired Companies) such amount will be deducted from the Purchase Price paid at the Closing.

(iii) Target Working Capital. If the Seller Estimated Closing Net Working Capital is less than Target Net Working Capital, then the Purchase Price payable at Closing will be decreased by the difference between Seller Estimated Closing Net Working Capital and Target Net Working Capital. If the Seller Estimated Closing Net Working Capital is greater than Target Net Working Capital, then the Purchase Price payable at Closing will be increased by the difference between Seller Estimated Closing Net Working Capital and Target Net Working Capital. The Target Net Working Capital will be $7,143,000 (the "Target Net Working Capital").

(iv) The Cinch U.S. Estimated Closing Balance Sheet, Cinch U.K. Estimated Closing Balance Sheet and calculations of Cinch U.S. Estimated Net Working Capital, Cinch U.K. Estimated Net Working Capital and Estimated Net Cash, will each be prepared in accordance with the Accounting Methodologies.

(v) All adjustments to the Purchase Price payable at Closing pursuant to Section 2.3(a)(ii) will be netted against all adjustments to the Purchase Price payable at Closing pursuant to Section 2.3(a)(iii).

(b) *Post-Closing Date Purchase Price Adjustment.*

(i) Within ninety (90) days following the Closing Date, the Purchaser will deliver to the Sellers (A) a consolidated balance sheet of Cinch U.S., audited by the Purchaser's accountants, as of the close of business on the Closing Date (the "U.S. Purchaser Estimated Closing Balance Sheet"), (B) a balance sheet of Cinch U.K., audited by the Purchaser's accountants, as of the close of business on the Closing Date (the "U.K. Purchaser Estimated Closing Balance Sheet" and, together with the U.S. Purchaser Estimated Closing Balance Sheet, the "Purchaser Estimated Closing Balance Sheets"), (C) the Purchaser's calculations of the Net Working Capital of Cinch U.S. based on the U.S. Purchaser Estimated Closing Balance Sheet (the "U.S. Purchaser Estimated Net Working Capital"), (D) the Purchaser's calculations of the Net Working Capital of Cinch U.K. based on the U.K. Purchaser Estimated Closing Balance Sheet (the "U.K. Purchaser Estimated Net Working Capital and, consolidated with the U.S. Purchaser Estimated Net Working Capital, the "Purchaser Estimated Closing Net Working Capital"), and (E) the Purchaser's calculation of Net Cash (the "Purchaser Estimated Closing Net Cash").

(ii) The U.S. Purchaser Estimated Closing Balance Sheet, the U.K. Purchaser Estimated Closing Balance Sheet and the calculations of U.S. Purchaser Estimated Net Working Capital, U.K. Purchaser Estimated Net Working Capital and Purchaser Estimated Closing Net Cash will each be prepared in accordance with Accounting Methodologies.

(iii) The Sellers will have thirty (30) days from the date of their receipt to review the Purchaser Estimated Closing Balance Sheets and to respond to the Purchaser pursuant to Section 2.3(b)(iv) below. During the Sellers' review of the Purchaser Estimated Closing Balance Sheets, the Purchaser will, and will cause each of the Acquired Companies to, (A) provide the Sellers and the Sellers' representatives with reasonable access to the books and records of the Acquired Companies, and (B) reasonably cooperate with the Sellers and the Sellers' representatives, including by providing on a timely basis all information reasonably necessary in reviewing the Purchaser Estimated Closing Balance Sheets.

(iv) Within thirty (30) days from the date of its receipt of the Purchaser Estimated Closing Net Working Capital and/or Purchaser Estimated Closing Net Cash (collectively, the "Estimated Closing Calculations") the Sellers will either:

(A) agree in writing with the Estimated Closing Calculations, in which case the Estimated Closing Calculations, will be final and binding on the parties for purposes of Section 2.3(b)(viii); or

(B) dispute any or all of the Estimated Closing Calculations, by delivering to the Purchaser a written notice (a "Dispute Notice") setting forth in reasonable detail the basis for, and an itemized alternative calculation of, each such disputed item.

(v) If the Sellers fail to take either of the actions set forth in Section 2.3(b)(iv)(A) or Section 2.3(b)(iv)(B) within thirty (30) days from the date of its receipt of the Purchaser Estimated Closing Balance Sheets, then the Sellers will be deemed to have irrevocably accepted the Estimated Closing Calculations, in which case, the Estimated Closing Calculations, will be final and binding on the parties for purposes of Section 2.3(b)(viii).

(vi) If the Sellers timely deliver a Dispute Notice to the Purchaser, then the Purchaser and the Sellers will attempt in good faith, for a period of thirty (30) days, to agree on any changes to the Estimated Closing Calculations for purposes of Section 2.3(b)(viii). Any resolution by the Purchaser and the Sellers during such thirty (30)-day period as to any disputed items will be final and binding on the parties for purposes of Section 2.3(b)(viii). If the Purchaser and the Sellers do not resolve all disputed items by the end of thirty (30) days after the date of delivery of the Dispute Notice, then the Purchaser and the Sellers will submit the remaining items in dispute to KPMG, LLP, for resolution, or if that firm is unwilling or unable to serve, the Purchaser and the Sellers will engage another mutually agreeable independent accounting firm of recognized international standing, which firm is not the regular auditing firm of the Purchaser or the Acquired Companies. If the Purchaser and the Sellers are unable to jointly select such independent accounting firm within ten (10) days after such thirty (30)-day period, the Purchaser, on the one hand, and the Sellers, on the other hand, will each select an independent accounting firm of recognized international standing and such selected accounting firms will select a third independent accounting firm of recognized international standing, which firm is not the regular auditing firm of the Purchaser or the Acquired Companies; provided, however, that if either the Purchaser, on the one hand, or the Sellers, on the other hand, fail to select such independent accounting firm during this ten (10)-day period, then the parties agree that the independent accounting firm selected by the other party will be the independent accounting firm selected by the parties for purposes of this Section 2.3(b)(vi) (such selected independent accounting firm, whether pursuant to this sentence or the preceding sentence, the "Independent Accounting Firm"). The Independent Accounting Firm will act as an expert in accounting and not as an arbitrator and will render its determination on a basis in accordance with the Accounting Methodologies. The Independent Accounting Firm will only render its determination with respect to the specific remaining accounting differences submitted to it and in no event will its determination as to an item in dispute be less than the lowest amount for such item proposed by the Purchaser or the Sellers nor greater than the highest amount for such item proposed by the Purchaser or the Sellers. The Purchaser and the Sellers will instruct the Independent Accounting Firm to render its determination with respect to the items in dispute in a written report that specifies the conclusions of the Independent Accounting Firm as to each item in dispute relating to the Estimated Closing Calculations. The Purchaser and the Sellers will each use their commercially reasonable efforts to cause the Independent Accounting Firm to render its determination within thirty (30) days after referral of the items to such firm or as soon thereafter as reasonably practicable. The Independent Accounting Firm's determination of any adjustments to the Estimated Closing Calculations as set forth in its report will be final and binding on the parties for purposes of Section 2.3(b). The fees and expenses of the Independent Accounting Firm will be shared by the Purchaser and the Sellers in inverse proportion to the relative amounts of the items in dispute determined to be for the account of Purchaser and the Sellers, respectively. For example, should the items in dispute total an amount equal to $1,000 and the Independent Accounting Firm awards $600 in favor of the Sellers' position, sixty percent (60%) of the costs of its review would be borne by the Purchaser and forty percent (40%) of the costs would be borne by the Sellers. For purposes of this Section 2.3(b), the "items in dispute" will be measured by the difference between the amount claimed by the Sellers to equal the Net Working Capital and/or Net Cash, as applicable, as of the Closing Date and the amount claimed by the Purchaser to equal the Net Working Capital and/or Net Cash, as applicable, as of the Closing Date, in each case as determined as of the date that such matter is first submitted by the parties to the Independent Accounting Firm.

(vii) For purposes of complying with this Section 2.3(b), the Purchaser and the Sellers will furnish to each other and to the Independent Accounting Firm such work papers and other documents and information relating to the disputed items as the Independent Accounting may request and are available to that party (or its independent public accountants) and will be afforded the opportunity to present to the Independent Accounting Firm any material related to the disputed items and to discuss the items with the Independent Accounting Firm, any such discussion to be in the presence of all parties to the dispute.

(viii) The final amounts of (A) the Net Working Capital of Cinch U.S. (the "Final U.S. Closing Net Working Capital") and the Net Working Capital of Cinch U.K. (the "Final U.K. Closing Net Working Capital"), and (B) the Net Cash (the "Final Closing Net Cash"), will be as set forth in the Estimated Closing Calculations, as finally determined by this Section 2.3(b). The sum of the finally determined amounts of the Final U.S. Closing Net Working Capital and the Final U.K. Closing Net Working Capital will constitute the "Final Aggregate Closing Net Working Capital Amount".

(ix) Upon the final determination of the Final Aggregate Closing Net Working Capital Amount: (i) if the Final Aggregate Closing Net Working Capital Amount is less than Seller Estimated Closing Net Working Capital, the Purchase Price will be decreased by the excess of Seller Estimated Closing Net Working Capital over the Final Aggregate Closing Net Working Capital Amount and the Sellers will promptly pay to the Purchaser the amount of such difference; or (ii) if the Final Aggregate Closing Net Working Capital Amount is greater than Seller Estimated Closing Net Working Capital, the Purchase Price will be increased by the excess of Final Aggregate Closing Net Working Capital Amount over the Seller Estimated Closing Net Working Capital and the Purchaser will promptly pay to the Sellers the amount of such difference.

(x) Upon the final determination of the Final Closing Net Cash: (i) if the Final Closing Net Cash is less than the Estimated Net Cash, the Sellers will promptly pay to the Purchaser the amount of such difference; or (ii) if the Final Closing Net Cash is greater than the Estimated Net Cash, the Purchaser will promptly pay to the Sellers the amount of such difference.

(xi) For purposes of this Section 2.3, it is agreed that the aggregate value of the Inventory used for purposes of each respective Net Working Capital calculation to be made under this Section 2.3 will be deemed as follows:

(A) if the value attributable to Inventory (as determined for purposes of each respective Net Working Capital calculation to be made under this Section 2.3, before giving effect to this Section 2.3(xi), the "Aggregate Inventory Value") is greater than or equal to $6,554,000 but less than or equal to $6,854,000, then the value of the Inventory used to calculate the Net Working Capital will be deemed to be $6,704,000.

(B) if the Aggregate Inventory Value is greater than $6,854,000 but less than $7,354,000, then the value of the Inventory used to calculate the Net Working Capital will be equal to the difference that results from subtracting $150,000 from the Aggregate Inventory Value.

(C) if the Aggregate Inventory Value is greater than $7,354,000, then the value of the Inventory used to calculate the Net Working Capital will be deemed to be $7,204,000.

(D) if the Aggregate Inventory Value is less than $6,554,000, then the value of the Inventory used to calculate the Net Working Capital will be equal to the sum that results from adding $150,000 to the Aggregate Inventory Value.

(E) for purposes of determining the Aggregate Inventory Value, no value will be attributed to any Inventory held for sale to IBM pursuant to Contracts in place as of the date of this Agreement.

(xii) All adjustments to the Purchase Price payable pursuant to Section 2.3(b)(ix) will be netted against all adjustments to the Purchase Price payable pursuant to Section 2.3(b)(x).

(xiii) Any payment to the Purchaser pursuant to Section 2.3(b) will be effected by wire transfer of immediately available funds from the Sellers to an account designated in writing by the Purchaser. Any payment to the Sellers pursuant to Section 2.3(b) will be effected by wire transfer of immediately available funds from the Purchaser to an account designated in writing by the Sellers. Such payments will be made within ten (10) Business Days following the final determination of the Final Aggregate Closing Net Working Capital Amount and/or Final Closing Net Cash in accordance with this Section 2.3.

(c) The purpose of this Section 2.3 is to determine the final Purchase Price to be paid by the Purchaser under this Agreement. Accordingly, any adjustment pursuant hereto will neither be deemed to be an indemnification pursuant to the Indemnification Articles, nor preclude the Purchaser from exercising any indemnification rights pursuant to the Indemnification Articles; provided, however, that in no event will the Sellers be obligated to indemnify any Purchaser Indemnified Party for any Loss as a result of, or based upon or arising from, any Liability, to the extent, and only to the extent that, such Liability is reflected in the calculation of the Final U.S. Closing Net Working Capital, Final U.K. Closing Net Working Capital, Final U.S. Closing Net Cash and/or Final U.K. Closing Net Cash as finally determined pursuant to this Section 2.3. Any payment made pursuant to this Section 2.3 will be treated by the parties for all purposes as an adjustment to the Purchase Price and will not be subject to offset for any reason.

Section 2.4 Closing.

(a) The closing of the transactions contemplated by this Agreement (the "Closing") will take place, as soon as practicable, but in any event not later than the fifth (5th) Business Day immediately following the Determination Date, at the offices of Lowenstein Sandler PC, 1251 Avenue of the Americas, New York, New York 10020 at 10:00 a.m., local time or at such other date, time and place as the Sellers and the Purchaser may agree in writing. The date on which the Closing actually occurs is referred to in this Agreement as the "Closing Date."

(b) The "Determination Date" will mean the date on which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing); provided, however, if such date occurs after the 15th day of any calendar month on or after February 1, 2010, then the Determination Date will mean the later of the date on which: (i) the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing) and (ii) the Sellers deliver to the Purchaser the written calculation of the Aggregate Revenues for the full calendar month in which such closing conditions have been satisfied or waived (it being agreed and understood that if all of the conditions set forth in Article 6 have been satisfied or waived on or prior to January 31, 2010 (other than those conditions that by their nature can only be satisfied at the Closing), then the condition to Closing set forth in Section 6.1(c) shall not be applicable in connection with the consummation of the transactions contemplated by this Agreement, and subsection (ii) of this Section 2.4(b) shall not be applicable).

Section 2.5 Closing Deliveries.

(a) At or prior to the Closing, the Sellers will deliver or cause to be delivered to the Purchaser:

(i) a certificate of the secretary of each Acquired Company in his or her representative capacity, dated as of the Closing Date, certifying as to the Acquired Company which he or she represents (A) that true and complete copies of the Governing Documents of such Acquired Company, as in effect on the Closing Date (including any amendments thereof), are attached thereto, (B) as to the incumbency and genuineness of the signatures of each officer executing any of the Ancillary Agreements or other agreements entered into in connection herewith to which such Acquired Company is a party, and (C) as to the genuineness of the resolutions (attached thereto) of each Acquired Company's board of directors authorizing the execution, delivery and performance of any Ancillary Agreement and any other agreements in connection herewith to which such Acquired Company is a party and any special resolution to amend or adopt new Governing Documents for such Acquired Company (attached thereto) in the form Purchaser requires;

(ii) a certificate of the secretary of each Seller in his or her representative capacity, dated as of the Closing Date, certifying as to the Seller which he or she represents (A) that true and complete copies of the Governing Documents of such Seller, as in effect on the Closing Date (including any amendments thereof) are attached thereto, (B) as to the incumbency and genuineness of the signatures of each officer executing this Agreement, any of the Ancillary Agreements, and any other document executed by such Seller in connection herewith, and (C) as to the genuineness of the resolutions (attached thereto) of each Seller's hoard of directors authorizing the execution, delivery and performance of this Agreement, the Ancillary Agreements and any other agreements in connection herewith to which such Seller is a party;

(iii) certificates representing the Shares, including the share certificate for the U.K. Shares, duly endorsed in blank or accompanied by stock powers or a stock transfer form duly executed in blank in form reasonably satisfactory to the Purchaser for transfer with all necessary stock transfer tax stamps and otherwise sufficient to transfer the Shares to Purchaser free and clear of all Encumbrances;

(iv) the Closing Certificates;

(v) the Ancillary Agreements to which any Seller, Acquired Company or other Affiliate of a Seller is a party executed by each such Seller, Acquired Company and/or other Affiliate of the Seller;

(vi) a certificate setting forth an estimate of Indebtedness, pursuant to Section 5.20.

(vii) to the extent such concepts are recognized under applicable Law, certificates of good standing, or equivalents thereof, dated not more than five (5) Business Days prior to the Closing Date with respect to each Seller and each Acquired Company issued by the presiding Government Authority of the jurisdiction in which each such Seller and Acquired Company was formed;

(viii) an affidavit of non-foreign status from Seller U.S. that complies with Section 1445 of the Code (a "FIRPTA Affidavit");

(ix) such instruments of transfer as required for the transfer of the MX Minority Shares owned by Labinal to the Purchaser or any other entity designated by the Purchaser (as the case may be, the "Designee"), including endorsement of the MX Minority Shares to the Purchaser or any other entity designated by the Purchaser; and

(x) a power of attorney duly executed by Seller U.K. in respect of the rights attaching to the U.K. Shares, in a form substantially similar to Exhibit A.

(b) At the Closing, the Purchaser will deliver or cause to be delivered to the Sellers:

(i) the Purchase Price by wire transfer of immediately available funds in U.S. dollars to the account specified by the Sellers no later than two (2) Business Days prior to the Closing Date; and

(ii) a certificate, dated as of the Closing Date, executed by the Purchaser confirming the satisfaction of the conditions specified in Section 6.2(a) and Section 6.2(b).

Section 2.6 Allocation. The Purchase Price will be allocated among the Shares as set forth on Schedule 2.6. In the event an adjustment to the Purchase Price is made pursuant to Section 2.3 or otherwise under this Agreement, the allocation of the Purchase Price will be revised to allocate such adjustment based upon the item to which such adjustment is attributable. The Purchaser and the Sellers will execute and file all Tax Returns in accordance with Schedule 2.6 (as adjusted) and will not take any position before any Governmental Authority or in any judicial Proceeding that is inconsistent with such allocation, except as otherwise required pursuant to a Judgment. The Purchaser and the Sellers will each timely file all required tax forms and Tax Returns to be filed in connection with the transactions contemplated by this Agreement.

Section 2.7 Change of Control Costs.

(a) In the event any Change of Control Payment is triggered (a "CoC Payment Trigger") and the relevant triggering event occurs on or prior to the six (6) month anniversary of the Closing, Purchaser will provide Sellers with written notice of such CoC Payment Trigger within ten (10) Business Days after the date on which any corresponding payment was made, and will include in such notice reasonable proof that such payment had been made and an invoice (each a "Seller Payment Invoice") for Sellers' fifty percent (50%) share of the applicable Change of Control Payment made by Purchaser (or the relevant Acquired Company, as the case may be); provided, however, that if the parties mutually determine that one or more of the employees set forth on Section 2.7 of the Seller Disclosure Schedule will remain employed by Seller US at the Closing, Seller US will provide Purchaser with written notice of any CoC Payment Trigger within ten (10) Business Days after the date on which any corresponding payment was made, and will include in such notice reasonable proof that such payment had been made and an invoice (each a "Purchaser Payment Invoice") for the Purchaser's (or the relevant Acquired Company's, as the case may be) fifty percent (50%) share of the applicable Change of Control Payment made by Seller US. In the case of any CoC Payment made by the Purchaser (or the relevant Acquired Company, as the case may be), Sellers will have ten (10) Business Days after receipt of the relevant notice to pay the amount to Purchaser (or the relevant Acquired Company, as the case may be) as shown on the relevant Seller Payment Invoice. In the case of any CoC Payment made by Seller US, the Purchaser (or the relevant Acquired Company, as the case may be) will have ten (10) Business Days after receipt of the relevant notice to pay the amount to Seller US as shown on the relevant Purchaser Payment Invoice. Purchaser and Seller will work together in good faith to resolve any discrepancies in the amounts due to Purchaser under this Section 2.7.

(b) Any payments made to the Purchaser (or by Seller U.S., and not reimbursed by the Purchaser, as the case may be) pursuant to the terms of this Section 2.7 will be deemed reductions of the Purchase Price. Accordingly, any adjustment pursuant hereto will neither be deemed to be an indemnification pursuant to the Indemnification Articles, nor preclude the Purchaser from exercising any indemnification rights pursuant to the Indemnification Articles. Any payment made pursuant to this Section 2.7 will be treated by the parties for all purposes as an adjustment to the Purchase Price and will not be subject to offset for any reason.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers, jointly and severally, represent and warrant to the Purchaser as follows, except as set forth on the disclosure schedule delivered by the Sellers to the Purchaser concurrently with the execution and delivery of this Agreement and dated as of the date of this Agreement (the "Seller Disclosure Schedule") or in the Dataroom (it being agreed and understood that (i) any matter set forth for purposes of this Article 3 in (x) any section of the Seller Disclosure Schedule with respect to a specific representation and warranty will also be deemed disclosed with respect to any other representation and warranty to the extent it is reasonably apparent on its face that it relates to another representation or warranty hereunder, or (y) any document contained in the Dataroom will be deemed disclosed with respect to the representations and warranties hereunder only to the extent a relevant matter is disclosed in a sufficiently clear manner so that a reasonably prudent professional can understand the nature, the scope and the extent of the matter and that such matter relates to the representations and warranties hereunder (it being agreed and understood by the parties that the Persons preparing the Seller Disclosure Schedules are reasonably prudent professionals); and (ii) no reference to or disclosure of any item on the Seller Disclosure Schedule or in the Dataroom will be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed on the Seller Disclosure Schedule):

Section 3.1 Organization and Good Standing. Seller U.S. is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Seller U.K. is a private limited company duly organized, validly existing under the Laws of England and Wales. Each Acquired Company is duly organized, validly existing and in good standing (to the extent such concepts are recognized under applicable Law) under the Laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to conduct its business as presently conducted. Each Acquired Company is duly qualified to do business and is in good standing (to the extent such concepts are recognized under applicable Law) as a foreign corporation in each jurisdiction in which the nature of its activities requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect. The Governing Documents and statutory books of Cinch U.K. (the "Cinch U.K. Books") are, and will remain to the Closing Date, in the possession of Seller U.K. or its attorneys. Section 3.1 of the Seller Disclosure Schedule contains true, complete and correct copies of the Governing Documents of the Acquired Companies in effect on the date of this Agreement.

Section 3.2 Authority and Enforceability. Each Seller and each Acquired Company, as applicable, has all requisite corporate power and authority to execute and deliver this Agreement and/or each Ancillary Agreement to which it is a party and to perform its obligations under this Agreement and/or each such Ancillary Agreement. The execution, delivery and performance of this Agreement and each Ancillary Agreement to which any Seller and/or any Acquired Company is a party and the consummation of the transactions contemplated hereby and thereby by such Seller and/or Acquired Company has been duly authorized by all necessary action on the part of the Sellers and/or the Acquired Companies, as the case may be. Each Seller has duly and validly executed and delivered this Agreement and, on or prior to the Closing, each Seller and each Acquired Company will have duly and validly executed and delivered each Ancillary Agreement to which it is a party. Assuming the due authorization, execution and delivery of this Agreement and the Ancillary Agreements by the Purchaser and the other parties thereto, this Agreement constitutes, and at the Closing each Ancillary Agreement to which each Seller and/or Acquired Company is a party will constitute, the valid and binding obligation of the Sellers and/or the Acquired Companies, as the case may be, enforceable against each such party in accordance with its terms, subject to (a) Laws of general application relating to bankruptcy, insolvency and the relief of debtors and (b) Laws governing specific performance, injunctive relief and other equitable remedies.

Section 3.3 No Conflict.

(a) Except in any case that would not have a Material Adverse Effect, neither the execution, delivery and performance of this Agreement by the Sellers and any Ancillary Agreement to which a Seller or an Acquired Company is a party, nor the consummation by the Sellers of the transactions contemplated by this Agreement and/or any Ancillary Agreement, will (i) conflict with or violate any Sellers' or Acquired Companies' Governing Documents, (ii) except as disclosed in Section 3.3 of the Seller Disclosure Schedule, result in a breach or default under, or create in any Person the right to terminate, cancel, accelerate or modify, or require any notice, consent or waiver under, any Contract to which a Seller or an Acquired Company is a party or to which any of the assets or properties of a Seller or an Acquired Company are subject, or (iii) violate any Law or Judgment applicable to any Seller or Acquired Company.

(b) Except in any case that would not have a Material Adverse Effect and except as set forth in Section 3.3 of the Seller Disclosure Schedule, no consent, waiver, approval, order, permit, Governmental Authorization or other authorization of, or declaration or filing with, or notification to, any Person or Governmental Authority is required on the part of a Seller or any Acquired Company in connection with (i) the execution and delivery of this Agreement and the Ancillary Agreements, respectively, the compliance by the Sellers and the Acquired Companies with any of the provisions hereof and thereof, or the consummation of the transactions contemplated hereby or thereby, or (ii) the continuing validity and effectiveness immediately following the Closing of any Governmental Authorization or Contract of any Acquired Company.

Section 3.4 Capitalization and Ownership, Subsidiaries.

(a) The authorized capital stock of Cinch U.S. and Cinch MX and the number of shares of such capital stock that are issued and outstanding, and the authorized share capital of Cinch U.K. and the number of such shares that are issued and outstanding, and the beneficial and record ownership thereof, are set forth on Section 3.4 of the Seller Disclosure Schedule. The Sellers are the sole record holders and beneficial owners of all of the Shares and Cinch U.S. and Labinal are the sole record holders and beneficial owners of all MX Shares, free and clear of all Encumbrances. Upon payment in full of the Purchase Price, good and valid title to the Shares will pass to the Purchaser and good and valid title to the MX Minority Shares will pass to the Designee, free and clear of any Encumbrances, and with no restrictions on the voting rights or other incidents of record and beneficial ownership of such Shares. All of the Shares are duly authorized, validly issued, fully paid and nonassessable. There are no Contracts to which either the Sellers or any other Person is a party or bound with respect to the voting (including voting trusts or proxies) of the Shares or the shares of the capital stock of any of the Acquired Companies. There are no outstanding or authorized options, warrants, rights, agreements or commitments to which a Seller or an Acquired Company is a party or which are binding upon a Seller or any Acquired Company providing for the issuance or redemption of any shares of Cinch U.S.'s or Cinch MX's capital stock or Cinch U.K.'s share capital.

(b) Section 3.4 of the Seller Disclosure Schedule sets forth for each Subsidiary of the Companies (a) its name and jurisdiction of incorporation, (b) its authorized capital stock and (c) the number of issued and outstanding shares of capital stock and the record holders and beneficial owners thereof. No Acquired Company owns or has any rights to acquire, directly or indirectly, any capital stock or other equity interests of any Person, except for the Subsidiaries set forth in Section 3.4 of the Seller Disclosure Schedule. All of the issued and outstanding equity securities of each Subsidiary are duly authorized, validly issued, fully paid and nonassessable, and are owned of record and beneficially by one or more of the Acquired Companies in the respective amounts set forth in Section 3.4 of the Seller Disclosure Schedule, free and clear of all Encumbrances. Since January 1, 2006, none of the Acquired Companies have had any subsidiaries (other than the Subsidiaries).

Section 3.5 Financial Statements. Attached as Section 3.5 of the Seller Disclosure Schedule is (a) (i) the unaudited, consolidated balance sheet of Cinch U.S. as of December 31, 2008, and the related unaudited consolidated statement of income for the year ended December 31, 2008, and (ii) the unaudited, consolidated balance sheet of Cinch U.S. as at September 30, 2009 (the "Balance Sheet Date") and the related consolidated statement of income of Cinch U.S. for the nine (9) month period then ended (the "U.S. Financial Statements"); and (b) (i) the audited balance sheet of Cinch U.K. as of December 31, 2008, and the related audited statement of income for the year ended December 31, 2008, and (ii) the unaudited balance sheet of Cinch U.K. as at the Balance Sheet Date and the related statement of income of Cinch U.K. for the nine (9) month period then ended (the "U.K. Financial Statements", and together with the U.S. Financial Statements, the "Financial Statements"). The Financial Statements (x) present fairly in all material respects the financial positions of the Acquired Companies as of the dates of such Financial Statements and the results of operations for such companies as of such date, in conformity with: (i) U.S. GAAP for the U.S. Financial Statements; and (ii) U.K. GAAP for the U.K. Financial Statements, except, in each case, for the absence of footnotes and other disclosures required by U.S. GAAP or U.K. GAAP as applicable, and (y) are prepared in accordance with the books and records of the Acquired Companies. The Financial Statements are further qualified by the fact that the Acquired Companies have not operated as separate "stand-alone" entities for accounting purposes and thus may not present the results of operation that would have occurred if the Acquired Companies had been operated as stand-alone entities.

Section 3.6 No Undisclosed Liabilities.

(a) Cinch U.K. has no Liabilities as of the date of this Agreement that would be required to be reflected on a balance sheet prepared in accordance with U.K. GAAP except for Liabilities (i) reflected, reserved against or otherwise disclosed in the U.K. Financial Statements, (ii) incurred in the ordinary course of business since the Balance Sheet Date, (iii) disclosed herein or in the Seller Disclosure Schedule, including Section 3.6(a) thereof or (iv) which would not have a Material Adverse Effect.

(b) Neither Cinch U.S. nor Cinch MX has any Liabilities as of the date of this Agreement that would be required to be reflected on the U.S. Financial Statements in accordance with U.S. GAAP except for Liabilities (i) reflected, reserved against or otherwise disclosed in the U.S. Financial Statements, (ii) incurred in the ordinary course of business since the Balance Sheet Date, (iii) disclosed herein or in the Seller Disclosure Schedule, including Section 3.6(b) thereof or (iv) which would not have a Material Adverse Effect.

Section 3.7 Absence of Certain Changes and Events. From December 31, 2008 to the date of this Agreement, there has not been any Material Adverse Effect. From December 31, 2008 to the date of this Agreement, the Acquired Companies have operated their business in the ordinary course of business, and except as set forth on Section 3.7 of the Seller Disclosure Schedule, there has not been any:

(a) change in any Acquired Company's authorized or issued shares or other equity interests; grant of any option or right to purchase shares of any Acquired Company; issuance of any security convertible into such shares; grant of any registration rights; purchase, redemption, retirement or other acquisition by any Acquired Company of any shares; or declaration or payment of any dividend or other distribution or payment with respect to any Shares;

(b) amendment to the Governing Documents of any Acquired Company;

(c) damage to or destruction of any asset or property of an Acquired Company, whether or not covered by insurance, having a replacement cost of more than $50,000 for any single loss or $200,000 for all such losses;

(d) sale (other than in the ordinary course of business), lease or other disposition of any asset or property of any Acquired Company, including Intellectual Property, material to the Acquired Companies as a whole;

(e) material change in the accounting methods used by any Acquired Company;

(f) declaration, setting aside or payment of any dividend or other distribution in respect of any shares of capital stock of any Acquired Company or any repurchase, redemption or other acquisition by an Acquired Company of any outstanding shares of capital stock or other securities of, or other ownership interest in, such Acquired Company;

(g) award or payment of any bonuses to employees of any Acquired Company with respect to the fiscal year ending December 31, 2009, except to the extent accrued on the Financial Statements, or entered into any employment, deferred compensation, severance or similar agreement (nor amended any such agreement) or agreed to increase the compensation payable or to become payable by it to any of any Acquired Company's directors, officers, or management employees or agreed to increase the coverage or benefits available under any severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan, payment or arrangement made to, for or with such directors, officers or management employees;

(h) making or rescinding of any election relating to Taxes or settled or compromised any claim relating to Taxes, except as would not have a Material Adverse Effect;

(i) entry into any Contract, or modification or extension of any Contract, which involves a total remaining commitment as of October 31, 2009 by or to any Acquired Company of at least $500,000, other than in the ordinary course of business, it being understood that a modification, extension or amendment of any Real Property Lease is outside of the ordinary course of business;

(j) making of any loans, advances or capital contributions to, or investments in, any Person or paid any fees or expenses to any Seller or any director, officer, partner, stockholder or Affiliate of any Seller, other than in accordance with normal cash management practices;

(k) mortgage, pledge or Encumbrance, other than in the ordinary course of business, incurred upon any properties or assets of the Acquired Companies;

(1) making of, or commitment to make, any capital expenditures or capital additions or betterments in excess of $50,000 individually or $100,000 in the aggregate;

(m) issuance, creation, assumption, guarantee, endorsement or incurrence of any other liability or responsibility with respect to (whether directly, contingently, or otherwise) any Indebtedness in excess of $100,000 except in the ordinary course of business or except as would not have a Material Adverse Effect;

(n) grant of any license or sublicense of any rights under or with respect to any material Intellectual Property except in the ordinary course of business;

(o) institution or settlement of any Proceeding involving amounts in excess of $100,000; or

(p) Contract, committed, arranged or understanding agreed upon or entered into by any Acquired Company to do any of the foregoing.

Section 3.8 Properties and Assets; Encumbrances.

(a) Section 3.8(a) of the Seller Disclosure Schedule sets forth a complete list of (i) all real property and interests in real property, owned in fee by the Acquired Companies (individually, an "Owned Property" and collectively, the "Owned Properties") and (ii) all real property and interests in real property leased by the Acquired Companies (individually a "Leased Real Property" and collectively the "Leased Real Properties" and the leases pursuant to which such Leased Real Properties are leased, each individually, a "Real Property Lease" and collectively, the "Real Property Leases" and, the Leased Real Properties together with the Owned Properties, being referred to herein individually as a "Company Property" and collectively as the "Company Properties") as lessee or lessor, including a description of each such Real Property Lease (including the name of the third party lessor or lessee and the date of the lease or sublease and all amendments thereto). The Acquired Companies have good and marketable fee title to all Owned Property, free and clear of all Encumbrances, except for those Encumbrances set forth on Section 3.8(a) of the Seller Disclosure Schedule. The Company Properties constitute all material interests in real property currently used, occupied or currently held for use in connection with the business of the Acquired Companies. Except as would not have a Material Adverse Effect, all of the Company Properties and buildings, fixtures and improvements thereon are in good operating condition without structural defects (ordinary wear and tear excepted), and all mechanical and other systems located thereon are in good operating condition (ordinary wear and tear excepted). The Sellers have delivered to the Purchaser true, correct and complete copies of (i) all deeds, title reports and surveys for the Owned Properties and (ii) the Real Property Leases, together with all amendments, modifications or supplements, if any, thereto. The Company Properties are not subject to any leases or rights of occupancy, other than the Real Property Leases.

(b) Except as set forth in Section 3.8(b) of the Seller Disclosure Schedule, and except as would not have a Material Adverse Affect, there does not exist any actual or, to the Knowledge of the Sellers threatened or contemplated, condemnation or eminent domain proceedings that affect any Company Property or any part thereof, and none of the Acquired Companies or any Seller has received any written notice of the intention of any Governmental Authority or other Person to take or use all or any part thereof. To the Sellers' Knowledge, no event has occurred that with the lapse of time or the giving of notice or both would constitute a material breach or default on the part of an Acquired Company or any other party under any Real Property Lease.

(c) Except as set forth in Section 3.8(c) of the Seller Disclosure Schedule, to the Knowledge of the Sellers, none of the Sellers or the Acquired Companies has received any written notice during the three (3) years prior to the date of this Agreement from any insurance company that has issued a policy with respect to any Company Property or from any landlord of a Leased Real Property requiring performance of any structural or other repairs or alterations to such Company Property.

(d) None of the Acquired Companies owns, holds, is obligated under or is a party to, any option, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose of any real estate or any portion thereof or interest therein.

(e) Except as set forth in Section 3.8(e) of the Seller Disclosure Schedule, other than the Intragroup Services, the Acquired Companies have good and marketable title to, or a valid leasehold interest in, all of the items of material tangible personal property used in the business of the Acquired Companies (except as sold or disposed of subsequent to the date thereof in the ordinary course of business and not in violation of this Agreement), free and clear of any and all Encumbrances. All such items of tangible personal property which, individually or in the aggregate, are material to the operation of the business of the Acquired Companies are in good condition and in a state of good maintenance and repair (ordinary wear and tear excepted).

(f) Section 3.8(f) of the Seller Disclosure Schedule sets forth a list of leases of personal property held by the Acquired Companies as of the date of this Agreement that are material to the operation of the business.

(g) Except as set forth on Section 3.8(g) of the Seller Disclosure Schedule, the Acquired Companies have not entered into any Contract pursuant to which an Acquired Company guarantees any obligations of third parties.

Section 3.9 Intellectual Property.

(a) Section 3.9(a) of the Seller Disclosure Schedule sets forth an accurate and complete list of all Patents, Marks, URLs and Copyrights owned or licensed by the Acquired Companies that are material to the business of the Acquired Companies. Section 3.9(a) of the Seller Disclosure Schedule lists the record owner and jurisdictions in which each such item of Intellectual Property has been issued or registered or in which any such application for such issuance and registration has been filed. To the Sellers' Knowledge, all material registration, maintenance and renewal fees currently due in connection with the Patents, Marks and Copyrights listed on Section 3.9(a) of the Seller Disclosure Schedule have been paid and all necessary documents and certificates in connection with such Intellectual Property have been filed with the relevant patent, copyright, trademark or other authorities in the U.S. or foreign jurisdictions, as the case may be, for the purposes of maintaining such Intellectual Property, except where failure to do so would not have a Material Adverse Effect.

(b) Except as disclosed in Section 3.9(b) of the Seller Disclosure Schedule, one or more of the Acquired Companies is the sole and exclusive owner of all right, title and interest in and to or has valid and continuing rights to use, sell and license, as the case may be, to all Intellectual Property that is material to the business of the Acquired Companies as presently conducted. All such Intellectual Property owned by the Acquired Companies and, to the Sellers' Knowledge, all such Intellectual Property licensed by the Acquired Companies, is free and clear of all Encumbrances (except for those specified licenses included in Section 3.9(b) of the Seller Disclosure Schedule). All material Intellectual Property rights currently used by the Acquired Companies that have been assigned to any one or more of the Acquired Companies have been assigned to such Acquired Company irrevocably, other than revocation rights triggered as a result of a breach by such Acquired Company.

(c) To the Sellers' Knowledge, the Intellectual Property owned, used, practiced or otherwise commercially exploited by the Acquired Companies, the development, manufacturing, licensing, marketing, importation, offer for sale, sale or use of the Products, Software, or Technology in connection with the business of the Acquired Companies as presently conducted, and the Acquired Companies' present business practices and methods, do not infringe, violate or constitute an unauthorized use or misappropriation of any Patent, Copyright, Mark, URL, Trade Secret or other similar right, of any Person (including pursuant to any non-disclosure agreements or obligations to which an Acquired Company or any of their Employees is a party, and including any intellectual property that might exist with respect to open software or other intellectual property publicly available for certain types of use), except as would not have a Material Adverse Effect.

(d) Except with respect to licenses of commercial off-the-shelf Software, and except pursuant to the Intellectual Property Licenses listed in Section 3.9(d) of the Seller Disclosure Schedule, none of the Acquired Companies is required, obligated, or under any liability whatsoever, to make any payments by way of royalties, fees or otherwise or provide any other consideration of any kind, to any owner or licensor of, or other claimant to, any Intellectual Property, or any other Person, with respect to the use thereof or in connection with the conduct of the business of the Acquired Companies as currently conducted.

(e) During the three (3) years prior to the Closing Date, the Acquired Companies have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of Trade Secrets of the Acquired Companies.

(f) As of the date hereof, none of the Acquired Companies is the subject of any pending or, to the Knowledge of the Sellers, threatened Proceedings which involve a claim of infringement, misappropriation, unauthorized use, or violation of any intellectual property rights by any Person against any Acquired Company or challenging the ownership, use, validity or enforceability of any material Intellectual Property. As of the date of this Agreement, no Seller or Acquired Company has received notice of any such threatened claim and, to the Knowledge of the Sellers, there are no facts or circumstances that would form the basis for any claim of infringement, unauthorized use, misappropriation or violation of any intellectual property rights by any Person against an Acquired Company, or challenging the ownership, use, validity or enforceability of any material Intellectual Property. Except as would not have a Material Adverse Effect, all of the Acquired Companies' rights in and to material Intellectual Property are valid and enforceable.

(g) To the Knowledge of the Sellers, as of the date of this Agreement, no Person is infringing, violating, misusing or misappropriating any material Intellectual Property of an Acquired Company, and no such claims have been made against any Person by an Acquired Company.

(h) To the Knowledge of the Sellers, none of the Acquired Companies have misrepresented, or failed to disclose, any facts or circumstances in any application for any Intellectual Property that would constitute fraud with respect to such application.

(i) There are no Judgments to which an Acquired Company is a party or by which an Acquired Company is bound which restrict, in any material respect, the right to use any of the Intellectual Property.

(j) To the Knowledge of the Sellers, the consummation of the transactions contemplated hereby will not result in the loss or impairment of the Purchaser's right to own or use any of the Intellectual Property.

(k) No Employee has any right, title, or interest, directly or indirectly, in whole or in part, in any material Intellectual Property owned or used by an Acquired Company. To the Knowledge of the Sellers, as of the date of this Agreement, no employee, consultant or independent contractor of an Acquired Company is, as a result of or in the course of such employee's, consultant's or independent contractor's engagement by an Acquired Company, in default or breach of any material term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement.

(1) Section 3.9(1) of the Seller Disclosure Schedule sets forth a list of Software used by the Acquired Companies as of the date of this Agreement that is material to the operation of the business.

Section 3.10 Contracts.

(a) Section 3.10(a) of the Seller Disclosure Schedule sets forth an accurate and complete list as of the date hereof of each Contract to which any Acquired Company is a party, which:

(i) includes a term extending more than one (1) year beyond the date of this Agreement;

(ii) involves future annual expenditures or receipts by an Acquired Company in excess of $100,000 in the aggregate during the term thereof;

(iii) relates to the borrowing of money or guarantying any obligation for borrowed money or otherwise, including any Contract that is a (A) mortgage, indenture, note, installment obligation or other instrument relating to the borrowing of money, (B) letter of credit, bond or other indemnity (including letters of credit, bonds or other indemnities as to which an Acquired Company is the beneficiary, but excluding endorsements of instruments for collection) or (C) currency or interest rate swap, collar or hedge agreements;

(iv) affects the ownership of, leasing of title to, use of, or any other possessory interest in any Company Properties;

(v) constitutes an Intellectual Property License or pursuant to which an Acquired Company uses Intellectual Property owned by a third party, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $25,000 under which an Acquired Company is the licensee;

(vi) involves any labor union or other employee representative of a group of employees;

(vii) creates a partnership or joint venture with any other Person;

(viii) contains covenants that in any way purport to restrict the business activity of the Acquired Companies or limit the freedom of the Acquired Companies to engage in any line of business, to compete with any Person or solicit or hire any person with respect to employment;

(ix) pursuant to which an Acquired Company extends a written warranty, guaranty or other similar undertaking with respect to contractual performance, other than in connection with the sale of Products;

(x) except for employment Contracts with Employees of Cinch U.K., any Seller, any Affiliate of any Seller (other than an Acquired Company), any director or officer of an Acquired Company is also party;

(xi) provides for payments to employees as a result of the transactions contemplated by this Agreement or the Ancillary Agreements;

(xii) involves the sale of any of the assets of any Acquired Company, other than Inventory, and other than in the ordinary course of business or for the grant to any Person of any preferential rights to purchase any of an Acquired Company's assets;

(xiii) relates to the acquisition (by merger, purchase of stock or assets or otherwise) by the Acquired Companies of any operating business or material assets or the capital stock of any other Person;

(xiv) obligates an Acquired Company to provide or obtain products or services for a period of one (I) year or more or requiring an Acquired Company to purchase or sell a stated portion of its requirements or outputs;

(xv) under the terms thereof, an Acquired Company has made advances or loans to any other Person;

(xvi) except for employment Contracts with Employees of Cinch U.K., provides for severance, retention, change in control or other similar payments;

(xvii) except for employment Contracts with Employees of Cinch U.K., provides for the employment of any individual on a full-time, part-time or consulting or other basis providing annual compensation in excess of $75,000; and

(xviii) is otherwise material to any Acquired Company.

The Contracts listed in Section 3.10(a) of the Seller Disclosure Schedule are referred to in this Agreement as the "Material Contracts".

(b) With respect to each such Material Contract, neither any Acquired Company party to the Material Contract, nor, to the Sellers' Knowledge, any other party to the Material Contract is in breach or default under any material provisions of such Material Contract except for such breaches or defaults as to which requisite waivers or consents have been issued or obtained. To the Sellers' Knowledge, no event has occurred that with the lapse of time or the giving of notice or both would constitute a material breach or default on the part of an Acquired Company or any other party under any Material Contract. Upon consummation of the transactions contemplated by this Agreement, each Material Contract will, except as otherwise stated in Section 3.10(b) of the Seller Disclosure Schedule, continue in full force and effect without penalty or other adverse consequence triggered by the consummation of the transactions contemplated by this Agreement. To the Sellers' Knowledge, each Material Contract is enforceable as to the applicable Acquired Company party thereto in accordance with its terms subject to (i) Laws of general application relating to bankruptcy, insolvency and the relief of debtors, and (ii) rules of Law governing specific performance, injunctive relief and other equitable remedies. From January 1, 2009 to the date hereof, (i) no party to any of the Material Contracts has exercised any termination rights with respect thereto, (ii) no party has given written notice of any significant dispute with respect to any Material Contract, and (iii) no party has provided written notification to the Seller or any Acquired Company that it will stop or, other than generally applicable price increases, materially alter the pricing or terms of any Material Contract. The Sellers have delivered to the Purchaser true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto.

Section 3.11 Tax Matters.

(a) (i) All Tax Returns required to be filed by or on behalf of each of the Acquired Companies and any Affiliated Group of which an Acquired Company is or was a member have been duly and timely filed with the appropriate Governmental Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns have at all times been and remain true, complete and correct in all material respects and were prepared in substantial compliance with all applicable laws and regulations; and (ii) all Taxes payable by or on behalf of each of the Acquired Companies and any Affiliated Group of which an Acquired Company is or was a member have been fully and timely paid to the Knowledge of the Sellers. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, the Acquired Companies have made due and sufficient accruals for such Taxes in the Financial Statements and its books and records. All required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of the Acquired Companies. There are no Encumbrances for unpaid Taxes upon any of the assets of any Acquired Company.

(b) Each of the Acquired Companies has withheld and paid all Taxes required to have been withheld and paid by any Governmental Authority in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(c) The Purchaser has received complete copies of (i) all federal, state, local and foreign income or franchise Tax Returns of the Acquired Companies relating to the taxable periods since January 1, 2006 and (ii) any audit report issued within the last three (3) years relating to any Taxes due from or with respect to an Acquired Company.

(d) No federal, state, local or non-U.S. tax audits or administrative or judicial Tax proceedings are pending, being conducted, or have been conducted with respect to any Acquired Company. Since January 1, 2006, none of the Acquired Companies has received from any Governmental Authority (including jurisdictions where no Acquired Company has filed a Tax Return) any written (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against any Acquired Company.

(e) Except as set forth on Section 3.11 of the Seller Disclosure Schedule, no Acquired Company is a party to any contract, agreement, plan or arrangement that has resulted or could result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax law) and (ii) any amount that will not be fully deductible as a result of Code § 162(m) (or any corresponding provision of state, local, or non-U.S. Tax law). No Acquired Company has been a U.S. real property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). Each of the Acquired Companies have disclosed on their federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code §6662. No Acquired Company is a party to or bound by any tax sharing, allocation, indemnity or similar agreement or arrangement (whether or not written). No Acquired Company (A) has ever been a member of any consolidated, combined, affiliated or unitary group of corporations filing a consolidated return for any Tax purposes other than a group in which one of the other Acquired Companies is the common parent; or (B) has any liability for the Taxes of any Person (other than an Acquired Company) under Treasury Regulations §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(f) Since January 1, 2006, no claim has been made in writing by a Governmental Authority in a jurisdiction where an Acquired Company does not file Tax Returns such that it is or may be subject to taxation by that jurisdiction.

(g) No Acquired Company nor any Seller nor any other Person on their behalf has (i) agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of Law or has any Knowledge that any Governmental Authority has proposed any such adjustment, or has any application pending with any Governmental Authority requesting permission for any changes in accounting methods that relate to any Acquired Company, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of Law with respect to any Acquired Company, (iii) requested any extension of time within which to file any Tax Return, which Tax Return has since not been filed, (iv) waived any statute of limitations in respect of Taxes or granted any extension for the assessment or collection of Taxes, or (v) granted to any Person any power of attorney that is currently in force with respect to any Tax matter.

(h) No Acquired Company 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) intercompany transaction or excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law); (ii) installment sale or open transaction disposition made on or prior to the Close Date; or (iii) prepaid amount received on or prior to the Closing Date. There is no material amount of taxable income of any Acquired Company that will be required under applicable Tax Law to be reported by the Purchaser or any of its Affiliates, including the Acquired Companies, for a taxable period beginning after the Closing Date which taxable income was realized (and reflects economic income) on or prior to the Closing Date.

(i) Since January 1, 2006, no Acquired Company has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

(j) No Acquired Company, since January 1, 2006, is or has been a party to any "reportable transaction," as defined in Code §6707A(c)(1) and Treasury Regulations §1.6011-4(b).

(k) None of the Acquired Companies (A) is currently the subject of any agreement or ruling in respect of Taxes with any Governmental Authority, and no such agreement or ruling is pending; or (B) is or has been entitled to any Tax holiday, Tax credit, or other similar Tax incentive or benefit from any jurisdiction (other than such benefits as are generally available to all Persons engaged in business and subject to tax as a resident in such jurisdiction), which would be subject to forfeiture, recapture, or other recovery by the Governmental Authority granting such benefit in connection with the transactions contemplated hereby or in connection with any dissolution, or cessation of business in, or withdrawal of assets from or a reduction of the number of employees in the relevant jurisdiction.

(l) Seller U.S. is not a foreign person within the meaning of Section 1445 of the Code.

(m) Each of the Acquired Companies is, and at all times since January 1, 2006 has been, classified for U.S. income Tax purposes as a corporation.

(n) Since January 1, 2006, each of the Acquired Companies has, within applicable time limits, preserved all material records required by law to be preserved and all other material records required for the delivery of correct and complete Tax Returns or the computation of any Tax.

(o) No Acquired Company or Affiliate of an Acquired Company is a "passive foreign investment corporation" as defined in Code § 1297.

(p) Neither the execution nor completion of this Agreement nor the Closing will result in any asset being deemed to have been disposed of and reacquired by Cinch U.K. for the purposes of Section 179 Taxation of Chargeable Gains Act 1992 or Section 780 Corporation Tax Act 2009.

Section 3.12 Employee Benefit Matters.

(a) *Cinch U.S. and its Subsidiaries.*

(i) Section 3.12(a)(i) of the Seller Disclosure Schedule sets forth a correct and complete list of all Company Plans.

(ii) There is no Liability under (A) Title IV of ERISA, (B) Section 302 of ERISA, or (C) Sections 412 and 4971 of the Code, in each case, that would be Liability of Purchaser or any Acquired Company following the Closing. No Acquired Company has contributed to or has had an obligation to contribute to any plan subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code within the last six (6) years of the date of this Agreement.

(iii) Correct and complete copies of the following documents, with respect to each of the Company Plans, have been made available or delivered to the Purchaser by the Sellers, to the extent applicable: (i) any plans, all amendments thereto and related trust documents, insurance contracts or other funding arrangements, and amendments thereto; (ii) the three (3) most recent Forms 5500 and all schedules thereto and the most recent actuarial report, if any; (iii) the most recent IRS determination letter;

(iv) summary plan descriptions; (v) written communications to employees relating to the Company Plans; and (vi) written descriptions of all non-written agreements relating to the Company Plans.

(iv) The Company Plans have been maintained in all material respects in accordance with their terms and with all provisions of ERISA, the Code (including rules and regulations thereunder) and other applicable Laws and regulations, and to the Knowledge of Sellers, neither Cinch U.S. (or any of the Subsidiaries) nor any "party in interest" or "disqualified person" with respect to the Company Plans has engaged in a non-exempt "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA that would result in a Liability for Purchaser or any Acquired Company.

(v) Each Company Plan that is intended to meet the requirements of a "qualified plan" under Section 401(a) of the Code has, as of the date of this Agreement, received a favorable determination letter or opinion letter from the Internal Revenue Service, and, to the Knowledge of Sellers, nothing has occurred that would reasonably be expected to adversely affect such Company Plans qualified or tax-exempt status.

(vi) All contributions (including all employer contributions and employee salary reduction contributions) required to have been made by Cinch U.S. or its Subsidiaries under any of the Company Plans by Law (without regard to any waivers granted under Section 412 of the Code), to any funds or trusts established thereunder or in connection therewith have been made by the due date thereof (including any valid extension), and all contributions for any period ending on or before the Closing Date that are not yet due will have been paid or sufficient accruals for such contributions and other payments in accordance with U.S. GAAP are duly and fully provided for on the Financial Statements.

(vii) There are no pending actions, claims or lawsuits that have been asserted or instituted against the Company Plans, the assets of any of the trusts under the Company Plans or the sponsor or administrator of any of the Company Plans, or against any fiduciary of the Company Plans with respect to the operation of any of the Company Plans (other than routine benefit claims) that would result in a Liability for Cinch U.S. or its Subsidiaries, nor do Cinch U.S., its Subsidiaries or the Sellers have any Knowledge of facts that could form the basis for any such claim or lawsuit.

(viii) None of the Company Plans providing benefits to Employees of Cinch U.S. or its Subsidiaries provides for post-employment life or health insurance, benefits or coverage for any participant or any beneficiary of a participant, except as may be required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and at the expense of the participant or the participant's beneficiary. Each of Cinch U.S., its Subsidiaries and any ERISA Affiliate which maintains a "group health plan" within the meaning Section 5000(b)(1) of the Code has materially complied with the notice and continuation requirements of Section 4980B of the Code, COBRA, Part 6 of Subtitle B of Title I of ERISA and the regulations thereunder.

(ix) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment becoming due to any Employee, (ii) increase any benefits otherwise payable under any Company Plan or (iii) result in the acceleration of the time of payment or vesting of any such benefits under any Company Plan or Title IV Plan in each case that would be a Liability of Purchaser, Cinch U.S. or its Subsidiaries.

(x) Except to the extent required by a previous obligation or Law, neither Cinch U.S. nor its Subsidiaries has a contract, plan or commitment, whether legally binding or not, to create any additional Company Plan or to modify any existing Company Plan.

(xi) To the Knowledge of Sellers, Cinch U.S. and its Subsidiaries have identified each Company Plan to which Cinch U.S. or its Subsidiaries is a party or otherwise has liability that is a "nonqualified deferred compensation plan" (within the meaning of Section 409A of the Code) subject to Section 409A of the Code, and each Company Plan so identified, to the extent subject to Section 409A of the Code, has been operated and administered since January 1, 2005 in good faith compliance with Section 409A of the Code and IRS regulations and guidance issued thereunder. Neither Cinch U.S. nor any of its Subsidiaries has any commitment to compensate or reimburse any individual for penalty taxes imposed under Section 409A of the Code.

(b) *Cinch U.K.*

(i) Other than the Cinch Connectors Limited Pension Plan (the "Main Scheme") and the Cinch Connectors Limited Group Stakeholder Plan (the "Stakeholder Scheme") (together the "Pension Schemes") Cinch U.K. has never sponsored, designated, participated in assumed liability for or contributed to any arrangement (whether or not closed, funded or tax registered) for providing pension or other benefits on, or in anticipation of, the retirement, death, or ill health of any Employee, nor has it agreed or announced any proposal to enter into or establish any such arrangement.

(ii) Except as otherwise provided for in this Agreement, to the Sellers' Knowledge, Cinch U.K. has not made any undertaking or assurance to any Employee about:

(A) the continuation of the Stakeholder Scheme or the Main Scheme or any alteration to or exception from their terms or the increase or improvement of benefits or the exercise of any discretion; or

(B) the introduction of, or a contribution towards, any new or alternative pension arrangement.

(iii) The Stakeholder Scheme only provides money purchase benefits, as defined in section 181 of the Pension Schemes Act 1993. Cinch U.K. has not made any assurance, promise or guarantee to an Employee of a particular level or amount of benefit to be provided for or in respect of him under the Stakeholder Scheme on death, retirement or leaving service.

(iv) To the Sellers' Knowledge, and solely with respect to the Pension Schemes, (x) there arc no civil, criminal, arbitration, administrative or other proceedings or disputes (which includes, without limitation, contact with the Pensions Regulator, the Pensions Advisory Service or the Pensions Ombudsman or an application under the Pension Schemes' dispute resolution arrangements) by or against the trustees, managers or administrators of the Pension Schemes, the Sellers or Cinch U.K. and none is pending or threatened, and (y) the Sellers are not aware of a matter which might give rise to a proceeding or dispute of that type.

(v) Cinch U.K. has complied with its obligations (if any) under section 3 of the Welfare Reform and Pensions Act 1999.

(vi) To the Sellers' Knowledge, no Contribution Notice, Financial Support Direction or restoration order has been issued to Cinch U.K. or any of its Affiliates with respect to Cinch U.K. by the Pensions Regulator in accordance with its powers under the Pensions Act 2004 and there is no fact or circumstance likely to give rise to any such notice or direction.

(vii) No Employees have a right to require the early payment of any benefit as a result of the operation of the Transfer of Undertakings (Protection of Employment) Regulations 1981 or 2006.

(c) Section 3.12(c) of the Seller Disclosure Schedule lists, by individual name, each employee who has a change of control agreement, and Sellers have delivered to the Purchaser true, correct and complete copies of all change of control agreements together with all amendments, modifications or supplements thereto.

Section 3.13 Employment and Labor Matters. Except as set forth in Section 3.13 of the Seller Disclosure Schedule, as of the date hereof, none of the Acquired Companies is a party to or bound by any collective bargaining agreement and, to the Knowledge of the Sellers, no petition has been filed or Proceedings instituted by any Employee or group of Employees of the Acquired Companies with any labor relations board seeking recognition of a bargaining representative. Except as set forth in Section 3.13 of the Seller Disclosure Schedule, there is no labor strike, picketing, slowdown, lockout, employee grievance process or other work stoppage or labor dispute pending or, to the Knowledge of the Sellers, threatened between any Acquired Company on the one hand, and any of their Employees, on the other hand, except as would not have a Material Adverse Effect and except for such disputes with individual employees arising in the ordinary course of business. To the Sellers' Knowledge, as of the date of this Agreement, there is no organizing activity involving the Acquired Companies pending or threatened by any labor organization or group of Employees. Except as would not have a Material Adverse Effect, there are no complaints, charges or claims against the Acquired Companies pending or, to the Knowledge of the Sellers, threatened that could be brought or filed, with any Governmental Authority based on, arising out of, in connection with or otherwise relating to the employment or termination of employment of or failure to employ, any individual. Except as would not have a Material Adverse Effect, to the Sellers' Knowledge, the Acquired Companies (i) have no direct or indirect liability with respect to any misclassification of any Person as an independent contractor rather than as an employee, (ii) are in compliance in all material respects with all applicable Laws respecting employment, employment practices, labor relations, employment discrimination, health and safety, terms and conditions of employment and wages and hours, and (iii) have not received any written remedial order or notice of offense under applicable occupational health and safety Law. To the Sellers' Knowledge, none of the Acquired Companies have incurred, and nor do any of them reasonably expect to incur, any liability or obligation under the WARN Act, and the regulations promulgated thereunder, or any similar state or local Law which remains unsatisfied.

Section 3.14 Environmental, Health and Safety Matters.

(a) The Sellers have made available to Purchaser complete and correct copies, either in paper or electronic form, of all material environmental audits, assessments, investigations, studies, reports, data and other information, including but not limited to Phase I and Phase II environmental studies, with respect to any real property currently owned, operated or leased by, or utilized in the business of the Acquired Companies or any Previously-owned Land and Buildings within their possession or control (the "Environmental Assessments"). Each of the Environmental Assessments is listed in Section 3.14(a) of the Seller Disclosure Schedule.

(b) Except as set forth in the Environmental Assessments, and except as would not have a Material Adverse Effect:

(i) Since January 1, 2005, the business of the Acquired Companies is, and has been, in material compliance with all applicable Environmental Laws.

(ii) There is no Proceeding relating to or arising under Environmental Laws that is pending or, to the Sellers' Knowledge, threatened against or affecting the business of the Acquired Companies or any real property currently or formerly owned, operated or leased by or utilized in the business of the Acquired Companies (in the case of a formerly owned, operated, leased or utilized property to which an Acquired Company has been named a party), and to the Knowledge of the Sellers, no facts, circumstances or conditions exist that would reasonably be expected to form the basis of any such Proceeding.

(iii) Since January 1, 2005, none of the Acquired Companies have received written notice from any Governmental Entity or any other Person of any actual or threatened Environmental Liabilities with respect to the business of the Company or any real property currently or formerly owned, operated or leased by or utilized in the business of the Company or its Subsidiaries, including third-party owned or operated real property at which Hazardous Materials from the business have been or are alleged to have been taken.

(iv) None of the Acquired Companies have assumed, by Contract or operation of law, any Environmental Liabilities of a third party.

(v) Each of the Acquired Companies has obtained, and currently maintains, as applicable, all material Environmental Permits for its operations. Each of the Acquired Companies has fulfilled and performed all material obligations under each of its Environmental Permits and to the Knowledge of the Sellers, no event has occurred or condition or state of facts exists that constitutes or, after notice or lapse of time or both, would constitute a breach or default under any such Environmental Permit, or, after notice or lapse of time or both, would permit revocation or termination of any such Environmental Permit, or that might adversely affect the rights of the Acquired Companies under any such Environmental Permit. The Acquired Companies have not received written notice that there is lacking any material Environmental Permit for the conduct of their business. Neither the execution and delivery of this Agreement by the Acquired Companies, nor the consummation by the parties of the actions contemplated by this Agreement, nor compliance by the Acquired Companies with any of the provisions herein, will result in the termination or revocation of, or a right of termination or cancellation under, any material Environmental Permit necessary for the continued operation of the Acquired Companies' business.

(vi) To the Knowledge of the Sellers, no Company Property contains and during the ownership, operation, leasing or utilization in the business of the Acquired Companies no Previously-owned Land and Buildings contained any Hazardous Materials in, at, on, over, under, or emanating from such real property in concentrations which would presently violate any applicable Environmental Law or would be reasonably likely to result in the imposition of Liability on the Acquired Companies under any applicable Environmental Law, including any Liability for the assessment, investigation, corrective action, remediation, removal, monitoring or reporting on the presence of such Hazardous Materials in, at, on, over, under, or emanating from such real property.

(vii) To the Knowledge of the Sellers, there has not been during the ownership, operation, leasing, or utilization in the business of the Acquired Companies of any Company Property or Previously-owned Land and Buildings: (A) any underground storage tanks, above-ground storage tanks, dikes, ponds, lagoons or impoundments, (B) any friable asbestos or asbestos-containing materials, (C) any polychlorinated biphenyls or (D) any radioactive substances.

(viii) During the five (5) years prior to the Closing Date, no Products manufactured by the Acquired Companies have contained any asbestos or asbestos- containing materials other than any asbestos or asbestos-containing materials included in any components manufactured by third parties that have been incorporated into the Products by the Acquired Companies. During the five (5) years prior to the date of this Agreement, to the Knowledge of the Sellers, none of the components manufactured by third parties that have been incorporated into the Products by the Acquired Companies have contained any asbestos or asbestos-containing materials.

(c) Section 3.14(c) of the Seller Disclosure Schedule provides a complete list of all current, and applications for pending, material Permits related to Environmental Laws used or to be used in the conduct of the business of the Acquired Companies.

Section 3.15 Governmental Authorizations. Section 3.15 of the Seller Disclosure Schedules contains a list of all Governmental Authorizations which are required for the operation of the business of the Acquired Companies as presently conducted, other than those the failure of which to possess would not result in a Material Adverse Effect. To the Sellers' Knowledge, the Acquired Companies have all Governmental Authorizations that are necessary for them to conduct their business in the manner in which it is presently conducted. The Acquired Companies are, and during the three (3) years prior to the Closing Date have been, in compliance with all Governmental Authorizations that are necessary for them to conduct their business in the manner in which it was being conducted at the applicable time, except as would have a Material Adverse Effect. There are no Proceedings pending or, to the Knowledge of the Sellers, threatened, relating to the suspension, revocation or modification of any Governmental Authorization. The representations and warranties contained in this Section 3.15 are intended to apply generally to all matters falling within their scope and, thus, notwithstanding any other representations and warranties contained in this Agreement that cover any such matters with more particularity, such other representations and warranties will be deemed to apply in addition to, and not in limitation of, the more broad representations and warranties of general applicability contained in this Section 3.15.

Section 3.16 Compliance with Laws. The Acquired Companies are, and during the three (3) years prior to the Closing Date have been, in compliance with all Laws applicable to them or the conduct of their business or the ownership or use of their properties and assets except as would have a Material Adverse Effect. Since January 1, 2009, no Acquired Company has received any written notice of or been charged with the violation of any Laws, except as would not have a Material Adverse Effect. To the Knowledge of the Sellers, no Acquired Company is under investigation with respect to the violation of any Laws and there are no facts or circumstances which could form the basis for any such violation, in each case, except as would not have a Material Adverse Effect. The representations and warranties contained in this Section 3.16 are intended to apply generally to all matters falling within their scope and, thus, notwithstanding any other representations and warranties contained in this Agreement that cover any such matters with more particularity, such other representations and warranties will be deemed to apply in addition to, and not in limitation of, the more broad representations and warranties of general applicability contained in this Section 3.16.

Section 3.17 Legal Proceedings. As of the date of this Agreement, there is no Proceeding pending or, to the Sellers' Knowledge, threatened: (i) against either Seller that questions or challenges the validity of this Agreement or the ability of the Sellers to consummate any of the transactions contemplated by this Agreement; or (ii) against any Acquired Company or any of its properties or assets that, if adversely determined, would have a Material Adverse Effect. Other than as disclosed on Section 3.17(a) of the Seller Disclosure Schedule, no Acquired Company is subject to any outstanding Judgment that would have a Material Adverse Effect. Section 3.17(b) of the Seller Disclosure Schedule sets forth a list of those Proceedings that have been pending during the last three (3) years prior to the date of this Agreement that, if adversely determined, are, or would have been, reasonably likely to result in a Material Adverse Effect or a liability in excess of $250,000 by any one or more of the Acquired Companies.

Section 3.18 Insurance. The Acquired Companies hold, or there are applicable to the Acquired Companies, insurance policies in full force and effect (i) for such amounts as are sufficient for all requirements of Law and all agreements to which one or more of the Acquired Companies is a party or by which it is bound, and (ii) which are in such amounts, with such deductibles and against such risks and losses, as are, in Sellers' judgment, reasonable for the business, assets and properties of the Acquired Companies. Set forth in Section 3.18 of the Seller Disclosure Schedule is a list of all insurance policies and all fidelity bonds as of the date hereof held by or applicable to the Acquired Companies setting forth, in respect of each such policy, the policy number, carrier, term, type and amount of coverage, whether the policies may be terminated upon consummation of the transactions contemplated hereby and if and to what extent events being notified to the insurer after the Closing Date are generally excluded from the scope of the respective policy. Excluding insurance policies that have expired and been replaced in the ordinary course of business, no insurance policy has been cancelled within the last two (2) years and, to the Knowledge of the Sellers, no threat has been made to cancel any insurance policy of the Acquired Companies during such period. Except as noted on Section 3.18 of the Seller Disclosure Schedule, all such insurance will remain in full force and effect immediately following the consummation of the transactions contemplated hereby. To the Sellers' Knowledge, no event has occurred as of the date hereof, including the failure by the Acquired Companies to give any notice or information or the Acquired Companies giving any inaccurate or erroneous notice or information, which limits or impairs the rights of the Acquired Companies under any such insurance policies. Also attached to Section 3.18 of the Seller Disclosure Schedule is a claims history evidencing all claims made against any insurance policies and binders of the Acquired Companies from July 1, 2004 to the date of this Agreement.

Section 3.19 Inventories. Except as set forth on Section 3.19 of the Seller Disclosure Schedule, each item of FG is in good and marketable condition, and each item of Inventory is usable and of a quantity and quality that is saleable in the ordinary course of business, except for items for which reserves have been provided on the Financial Statements. All Inventories of the Acquired Companies as of the Balance Sheet Date are set forth in the Financial Statements and were valued at the lower of cost (on a FIFO/LIFO basis) or market and were properly stated therein in accordance with U.K. GAAP or U.S. GAAP, as applicable, consistently applied. Adequate reserves have been reflected in the Financial Statements for obsolete, excess, damaged, slow-moving, or otherwise unusable Inventory, which reserves include the cost of disposal and were calculated in a manner consistent with past practice and in accordance with U.K. GAAP or U.S. GAAP, as applicable, consistently applied. As of October 31, 2009, the Acquired Companies do not hold in excess of five percent (5%) of the Inventory on consignment and no more than ten percent (10%) of the Inventory of the Acquired Companies is in the possession of third parties who are not Affiliates of the Acquired Companies.

Section 3.20 Accounts and Notes Receivable and Payable.

(a) All accounts and notes receivable of the Acquired Companies have arisen from bona fide transactions in the ordinary course of business consistent with past practice. None of the accounts or other notes receivable of the Acquired Companies (i) are subject to any setoffs or counterclaims or (ii) represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement. Notwithstanding the foregoing, nothing in this Agreement will constitute a guaranty or warranty by Sellers or their Affiliates that such account or note receivable will ultimately be collected.

(b) All accounts payable of the Acquired Companies reflected in the Financial Statements or arising after the Balance Sheet Date are the result of bona fide transactions in the ordinary course of business and have been paid or are not yet due and payable, except for any late payments that would not have a Material Adverse Effect.

(c) Section 3.20(c) of the Seller Disclosure Schedule includes an aging schedule for the accounts receivable and the accounts payable of the Acquired Companies reflecting, as of October 31, 2009, the aggregate amount of the accounts receivable and accounts payable, respectively, outstanding: (i) thirty (30) days or less; (ii) more than thirty (30) days but less than or equal to sixty (60) days; (iii) more than sixty (60) but less than or equal to ninety (90) days; (iv) more than ninety (90) but less than or equal to one hundred twenty (120) days and (v) more than one hundred twenty (120) days.

Section 3.21 Related Party Transactions.

(a) As of the date hereof, other than, in the case of employees of any Acquired Company, salaries, benefits and other transactions pursuant to Company Plans, no employee, officer or director of the Acquired Companies ("Related Persons") (i) owes any amount to the Acquired Companies nor do the Acquired Companies owe any amount to, or have the Acquired Companies committed to make any loan or extend or guarantee credit to or for the benefit of, any Related Person, (ii) is involved in any business arrangement or other relationship with the Acquired Companies (whether written or oral), (iii) owns any property or right, tangible or intangible, that is used by the Acquired Companies, or (iv) to Sellers' Knowledge, owns any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is a competitor, supplier, customer, landlord, tenant, creditor or debtor of an Acquired Company.

(b) Section 3.21(b) of the Seller Disclosure Schedule sets forth a list of all Contracts and commercial dealings between or among any Seller and/or any of their Affiliates (other than the Acquired Companies), on the one hand, and any Acquired Company, on the other hand (each an "Affiliate Contract") and identifies and details the aggregate dollar amounts of all purchase and sale transactions between or among any Seller and/or any of their Affiliates (other than the Acquired Companies), on the one hand, and any Acquired Company, on the other hand, from January 1, 2008 to October 31, 2009 whether pursuant to an Affiliate Contract or otherwise. Section 3.21(b) of the Seller Disclosure Schedule also details all properties and/or services shared (directly or indirectly) between or among, or utilized (directly or indirectly) by both, any Seller and/or any of their Affiliates (other than the Acquired Companies), on the one hand, and any Acquired Company, on the other hand (such properties and/or services being, the "Intragroup Services).

Section 3.22 Customers and Suppliers.

(a) Section 3.22(a) of the Seller Disclosure Schedule sets forth a list of the ten (10) largest customers and the ten (10) largest suppliers of each of the Acquired Companies, as measured by the dollar amount of purchases therefrom or thereby, during each of the fiscal years ended December 31, 2007 and December 31, 2008 and the completed portions of the fiscal year from January 1, 2009 to October 31, 2009 showing the approximate total sales by the Acquired Companies to each such customer and the approximate total purchases by the Acquired Companies from each such supplier, during such period.

(b) From the Balance Sheet Date to the date hereof, to the Sellers' Knowledge and except as would not have a Material Adverse Effect, (i) none of the customers set forth in Section 3.22(a) of the Seller Disclosure Schedule has provided written notification to the Seller or an Acquired Company that it will stop its purchases of materials, products or services from an Acquired Company, and (ii) none of the suppliers set forth in Section 3.22(a) of the Seller Disclosure Schedule has provided written notification to the Seller or any Acquired Company that it will stop or, other than generally applicable price increases, materially increase the cost of, its supply of materials, products or services used by the Acquired Companies.

Section 3.23 Product Warranty; Product Liability.

(a) Section 3.23(a)(i) of the Seller Disclosure Schedule contains a copy of the standard terms and conditions customarily provided by Cinch U.S. and Cinch U.K. as of the date of this Agreement. Section 3.23(a)(ii) of the Seller Disclosure Schedule sets forth a list of those Contracts in effect as of the date of this Agreement pursuant to which an Acquired Company has provided a warranty for a Product beyond the standard terms and conditions customarily provided by the Acquired Companies.

(b) To Sellers Knowledge, none of the Acquired Companies has any material liability arising out of any injury to individuals or property as a result of the ownership, possession, or use of any Product. Except as would not have a Material Adverse Effect and to Sellers' Knowledge, none of the Acquired Companies has committed any act or failed to commit any act, which would result in, and there has been no occurrence which would give rise to or form the basis of, any product liability or liability for breach of warranty (whether covered by insurance or not) on the part of the Acquired Companies with respect to Products.

Section 3.24 Banks; Power of Attorney. Section 3.24 of the Seller Disclosure Schedule contains a complete and correct list of the names and locations of all banks in which any Acquired Company has accounts or safe deposit boxes and the names of all persons authorized to draw thereon or to have access thereto. Except as set forth on Section 3.24 of the Seller Disclosure Schedule, no Person has any power, whether singly or jointly, to sign any checks on behalf of the Acquired Companies, to withdraw any money or other property from any bank, brokerage or other account of the Acquired Companies or to act under any power of attorney granted by any Acquired Company at any time, for any purpose. Section 3.24 of the Seller Disclosure Schedule also sets forth the names of all Persons authorized to borrow money or sign notes on behalf of the Acquired Companies (the authority granted to any Person listed on Section 3.24 of the Seller Disclosure Schedule, the "Authority Granted").

Section 3.25 Certain Payments. To the Sellers' Knowledge, none of the Acquired Companies, or any director, officer, employee, or other Person acting on behalf of any of them, has directly or indirectly (i) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (A) to obtain favorable treatment in securing business for an Acquired Company, (B) to pay for favorable treatment for business secured by an Acquired Company, (C) to obtain special concessions or for special concessions already obtained, for or in respect of an Acquired Company, or (D) in violation of any Law, or (ii) established or maintained any fund or asset with respect to an Acquired Company that has not be recorded in the books and records of the Acquired Companies

Section 3.26 Sufficiency of the Assets. The Acquired Companies own, have a valid leasehold interest in or have a valid contractual right to use all of the material assets used to conduct the business of the Acquired Companies (other than the Intragroup Services). Upon the consummation of the transactions contemplated hereby, the Acquired Companies (taking into account the services to be provided under Section 5.23 below) will own, have a valid leasehold interest in or a valid contractual right to use all of the tangible assets, intangible assets and real property rights necessary to conduct the business of the Acquired Companies in substantially the same manner as it is conducted immediately prior to the Closing (other than with respect to the Intragroup Services not to be provided under Section 5.23 below by the Sellers or their Affiliates).

Section 3.27 Military Specification Testing. Cinch U.S. is listed on the U.S. Department of Defense Qualified Products List with the Defense Logistics Agency and Defense Supply Center Columbus (the "DoD List") for those Products, and only those Products, listed on Section 3.27 of the Seller Disclosure Schedule (the "Mil Spec Products"). As of the date of this Agreement, the Acquired Companies are, in all material respects, in compliance with the testing and reporting requirements of the Defense Logistics Agency and Defense Supply Center Columbus applicable to each Mil Spec Product.

Section 3.28 Brokers Fees. No Acquired Company has incurred any Liability to pay any fees or commissions to any broker, finder or agent in connection with any of the transactions contemplated by this Agreement for which the Purchaser would become liable or obligated or for which any Acquired Company, after the Closing Date, will have any continuing obligation.

Section 3.29 Disclaimer of Other Representations and Warranties. THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS ARTICLE 3 ARE THE ONLY REPRESENTATIONS AND WARRANTIES MADE BY THE SELLERS WITH RESPECT TO THE SHARES, THE SELLERS, THE ACQUIRED COMPANIES OR ANY OTHER MATTER RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EXCEPT AS SPECIFICALLY SET FORTH IN THIS ARTICLE 3, THE SELLERS ARE SELLING THE SHARES TO THE PURCHASER "AS IS" AND "WHERE IS" AND WITH ALL FAULTS, AND MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER RELATING TO THE SHARES, THE SELLERS, THE ACQUIRED COMPANIES OR ANY OTHER MATTER RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT INCLUDING AS TO (I) MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR PURPOSE, (II) THE OPERATION OF THE BUSINESS OF THE ACQUIRED COMPANIES AFTER THE CLOSING IN ANY MANNER OR (III) THE PROBABLE SUCCESS OR PROFITABILITY OF THE BUSINESS OF THE ACQUIRED COMPANIES AFTER THE CLOSING. ANY OTHER REPRESENTATION OR WARRANTY IS EXPRESSLY DISCLAIMED. Other than the indemnification obligations of the Sellers set forth in the Indemnification Articles, none of the Sellers, the Acquired Companies, any of their Affiliates, or any of their respective officers, directors, employees, agents, representatives or stockholders will have, or will be subject to, any Liability or indemnification obligation to the Purchaser or any other Person resulting from the distribution to the Purchaser or its Affiliates or representatives of, or the Purchaser's use of, any information relating to the Sellers, the Acquired Companies or any of their Affiliates, including any descriptive memoranda, summary business descriptions or any information, documents or material made available to the Purchaser or its Affiliates or representatives, whether orally or in writing, in certain "data rooms," management presentations, functional "break-out" discussions, responses to questions submitted on behalf of the Purchaser or in any other form in expectation of the transactions contemplated by this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Sellers as follows, except as set forth on the disclosure schedule delivered by the Purchaser to the Sellers concurrently with the execution and delivery of this Agreement and dated as of the date of this Agreement (the "Purchaser Disclosure Schedule"):

Section 4.1 Organization and Good Standing. The Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the State of New Jersey, and has all requisite corporate power and authority to conduct its business as it is presently conducted.

Section 4.2 Authority and Enforceability. The Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is a party and to perform its obligations under this Agreement and each such Ancillary Agreement. The execution, delivery and performance of this Agreement and each Ancillary Agreement to which the Purchaser is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Purchaser. The Purchaser has duly and validly executed and delivered this Agreement and, on or prior to the Closing, the Purchaser will have duly and validly executed and delivered each Ancillary Agreement to which it is a party. Assuming the due authorization, execution and delivery of this Agreement and the Ancillary Agreements by the Sellers and the other parties thereto, this Agreement constitutes, and at the Closing each Ancillary Agreement to which the Purchaser is a party will constitute, the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to (a) Laws of general application relating to bankruptcy, insolvency and the relief of debtors and (b) Laws governing specific performance, injunctive relief and other equitable remedies.

Section 4.3 No Conflict.

(a) Neither the execution, delivery and performance of this Agreement by the Purchaser and any Ancillary Agreement to which the Purchaser is a party, nor the consummation by the Purchaser of the transactions contemplated by this Agreement and/or any Ancillary Agreement, will (a) conflict with or violate Purchaser's Governing Documents or (b) violate any Law or Judgment applicable to the Purchaser.

(b) No consent, waiver, approval, order, permit, Governmental Authorization or other authorization of, or declaration or filing with, or notification to, any Person or Governmental Authority is required on the part of the Purchaser in connection with the execution and delivery of this Agreement and the Ancillary Agreements, respectively, the compliance by the Purchaser with any of the provisions hereof and thereof, or the consummation of the transactions contemplated hereby or thereby.

Section 4.4 Legal Proceedings. There is no Proceeding pending or, to the Purchaser's Knowledge, threatened against the Purchaser that questions or challenges the validity of this Agreement or that may prevent, delay, make illegal or otherwise interfere with the ability of the Purchaser to consummate any of the transactions contemplated by this Agreement.

Section 4.5 Brokers Fees. Neither the Purchaser nor any Person acting on its behalf has incurred any Liability to pay any fees or commissions to any broker, finder or agent in connection with any of the transactions contemplated by this Agreement.

Section 4.6 Financial Capacity. The Purchaser has, or will at the time of Closing have, immediately available cash in an amount sufficient to pay the Purchase Price. As of the date of this Agreement, the Purchaser knows of no circumstance or condition that it expects will prevent the availability at the Closing of the requisite financing to consummate the transactions contemplated by this Agreement on the terms set forth in this Agreement.

Section 4.7 No Knowledge of Breach or Inaccuracy. The Purchaser has no Knowledge of any breach of, or inaccuracy in, any representation or warranty made by the Sellers in this Agreement.

Section 4.8 Independent Investigation. The Purchaser has conducted its own independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the business of the Acquired Companies as it has deemed appropriate, which investigation, review and analysis was done by the Purchaser and its Affiliates and representatives. The Purchaser acknowledges that it and its Affiliates and representatives have been provided adequate access to the personnel, properties, premises and records of the Acquired Companies for such purpose. In entering into this Agreement, the Purchaser acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any factual representations or opinions of the Sellers, the Acquired Companies or their representatives (except the representations and warranties set forth in Article 3). The Purchaser hereby acknowledges and agrees that (a) other than the representations and warranties set forth in Article 3, none of the Sellers, the Acquired Companies, any of their Affiliates, or any of their respective officers, directors, employees, agents, representatives or stockholders make or have made any representation or warranty, express or implied, at law or in equity, as to any matter whatsoever relating to the Shares, the Sellers, the Acquired Companies or any other matter relating to the transactions contemplated by this Agreement including as to (i) merchantability or fitness for any particular use or purpose, (ii) the operation of the business of the Acquired Companies after the Closing in any manner or (iii) the probable success or profitability of the business of the Acquired Companies after the Closing, and (b) other than the indemnification obligations of the Sellers set forth in the Indemnification Articles, none of the Sellers, the Acquired Companies, any of their Affiliates, or any of their respective officers, directors, employees, agents, representatives or stockholders will have or will be subject to any Liability or indemnification obligation to the Purchaser or any other Person resulting from the distribution to the Purchaser or its Affiliates or representatives of, or the Purchaser's use of, any information relating to the Sellers, the Acquired Companies or any other matter relating to the transactions contemplated by this Agreement, including any descriptive memoranda, summary business descriptions or any information, documents or material made available to the Purchaser or its Affiliates or representatives, whether orally or in writing, in certain "data rooms," management presentations, functional "break-out" discussions, responses to questions submitted on behalf of the Purchaser or in any other form in expectation of the transactions contemplated by this Agreement.

Section 4.9 Disclaimer of Other Representations and Warranties. THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS ARTICLE 4 ARE THE ONLY REPRESENTATIONS AND WARRANTIES MADE BY THE PURCHASER WITH RESPECT TO THE PURCHASER AND/OR ANY OTHER MATTER RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EXCEPT AS SPECIFICALLY SET FORTH IN THIS ARTICLE 4, THE PURCHASER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER RELATING TO THE PURCHASER AND/OR ANY OTHER MATTER RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. ANY OTHER REPRESENTATION OR WARRANTY IS EXPRESSLY DISCLAIMED. Other than the indemnification obligations of the Purchaser set forth in the Indemnification Articles, none of the Purchaser, any of their Affiliates, or any of their respective officers, directors, employees, agents, representatives or stockholders will have, or will be subject to, any Liability or indemnification obligation to the Sellers or any other Person resulting from the distribution to the Sellers or their Affiliates or representatives of, or the Sellers' use of, any information relating to the Purchaser or any of its Affiliates, including any descriptive memoranda, summary business descriptions or any information, documents or material made available to the Sellers or their Affiliates or representatives, whether orally or in writing, in any form, in expectation of the transactions contemplated by this Agreement.

ARTICLE 5
COVENANTS

Section 5.1 Access and Investigation. Until the Closing and upon reasonable advance notice from the Purchaser (except as may be necessary to comply with Law (including Antitrust Laws)), the Sellers will, and will cause the Acquired Companies to, allow the Purchaser and its accountants, counsel, financial advisors and other representatives reasonable access during normal business hours and without unreasonable interference with the operation of the business of the Acquired Companies to (a) the Company Properties and facilities (including all the buildings, structures, fixtures, appurtenances and improvements erected, attached or located thereon), (b) the Acquired Companies' books, financial information (including working papers and data in the possession of the Acquired Companies or the Sellers or their respective independent public accountants, internal audit reports, and "management letters" from such accountants with respect to the Acquired Companies' systems of internal control), (c) Contracts and records of the Acquired Companies, (d) such other materials and information about the Acquired Companies as the Purchaser may reasonably request and (e) members of management of the Acquired Companies as the Purchaser may reasonably request. The Purchaser will, and will cause its representatives to, hold confidential all information so obtained in accordance with the terms of the Confidentiality Agreement.

Section 5.2 Operation of the Businesses of the Acquired Companies.

(a) Until the Closing, except as otherwise set forth in this Agreement, the Seller Disclosure Schedule or as otherwise consented to by the Purchaser (which consent will not be unreasonably withheld, conditioned or delayed), the Sellers will cause the Acquired Companies to:

(i) conduct their business in the ordinary course of business in all material respects; and

(ii) use their commercially reasonable efforts to (A) preserve the present business operations, organization (including officers and employees) and goodwill of the Acquired Companies and (B) preserve the present relationships with Persons having business dealings with the Acquired Companies (including customers and suppliers).

(b) Until the Closing, except as otherwise set forth in this Agreement, the Seller Disclosure Schedule or as otherwise consented to in writing by the Purchaser (which consent will not be unreasonably withheld, conditioned or delayed), the Sellers will not cause or permit any Acquired Company to:

(i) amend its Governing Documents;

(ii) transfer, issue, sell, dispose or, pledge or encumber any shares of its capital stock or securities convertible into any such shares, or any options, warrants or rights to acquire any such shares or other convertible securities;

(iii) with respect to the Sellers, transfer, issue, sell, dispose or, pledge or encumber any Shares, MX Shares or any additional shares of capital stock of any Acquired Company or securities convertible into any such shares, or any options, warrants or rights to acquire any such shares or other convertible securities of any Acquired Company;

(iv) purchase, redeem or otherwise acquire any outstanding shares of its capital stock;

(v) declare, set aside or pay any dividend or other distribution in respect of its capital stock, other than dividends and other distributions payable solely in cash;

(vi) effect any recapitalization, reclassification, stock split, combination or like change in the capitalization of the Acquired Companies, or amend the terms of any outstanding securities of an Acquired Company;

(vii) terminate, amend, restate, supplement or waive any rights under any (A) Material Contract or Real Property Lease, other than in the ordinary course of business or (B) material Governmental Authorization;

(viii) waive, compromise, cancel or release any debt, right or claim of a material value to the Acquired Companies other than in the ordinary course of business;

(ix) acquire, by merger or consolidation with another entity, by purchase or otherwise, any material properties or assets or sell, assign, license, transfer, convey, lease or otherwise dispose of any of the material properties or assets of, or used by, the Acquired Companies, other than in the ordinary course of business;

(x) except as provided for under the terms of this Agreement in relation to the transfer of the Main Scheme, (A) increase the salary or other compensation of any director, officer or employee of the Acquired Companies, except for normal yearend increases in the ordinary course of business, (B) grant any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any director, officer, employee or consultant, (C) increase the coverage or benefits available under any (or create any new) severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan or arrangement made to, for, or with any of the directors, officers, employees, agents or representatives of the Acquired Companies or otherwise modify or amend or terminate any such plan or arrangement or (D) enter into any deferred compensation, severance, special pay, consulting, non- competition or similar agreement or arrangement with any directors, officers or employees of an Acquired Company (or amend any such agreement to which the Acquired Companies is a party);

(xi) (A) issue, create, incur, assume, guarantee, endorse or otherwise become liable or responsible with respect to (whether directly, contingently or otherwise) any Indebtedness from third parties who are not Affiliates which borrowing exceed $100,000;

(xii) enter into any commitment for capital expenditures of the Acquired Companies in excess of $100,000 for any individual commitment and $200,000 for all commitments in the aggregate;

(xiii) enter into, modify or terminate any labor or collective bargaining agreement of the Acquired Companies or, through negotiation or otherwise, make any commitment or incur any liability to any labor organization with respect to the Acquired Companies;

(xiv) except for transfers of cash pursuant to normal cash management practices in the ordinary course of business, make any investments in or loans to, or pay any fees or expenses to, or enter into or modify any Contract with any Related Persons;

(xv) make a change in its accounting or Tax reporting principles, methods or policies;

(xvi) (A) make, change or revoke any Tax election, settle or compromise any Tax claim or liability or enter into a settlement or compromise, or change (or make a request to any taxing authority to change) any material aspect of its method of accounting for Tax purposes, or (B) prepare or file any Tax Return (or any amendment thereof) unless such Tax Return will have been prepared in a manner consistent with past practice and the Company will have provided the Purchaser a copy thereof (together with supporting papers) at least three (3) Business Days prior to the due date thereof for the Purchaser to review and approve (such approval not to be unreasonably withheld or delayed);

(xvii) enter into any Contract, understanding or commitment that restrains, restricts, limits or impedes the ability of an Acquired Company to compete with or conduct any business or line of business in any geographic area or solicit the employment of any persons (other than restrictions in Intellectual Property Licenses);

(xviii) settle or compromise any pending or threatened Proceeding or any claim or claims, in each case involving an amount individually in excess of $100,000;

(xix) change or modify its credit, collection or payment policies, procedures or practices, including acceleration of collections or receivables (whether or not past due) or fail to pay or delay payment of payables or other liabilities;

(xx) take any action which would adversely affect the ability of the parties to consummate the transactions contemplated by this Agreement; or

(xxi) agree to do anything (A) prohibited by this Section 5.2, or (B) intended to make any of the representations and warranties of the Sellers in this Agreement or any of the Ancillary Agreements or instruments or documents delivered in connection herewith or therewith untrue or incorrect in any material respect or could result in any of the conditions to the Closing not being satisfied.

Section 5.3 Consents and Filings; Commercially Reasonable Efforts.

(a) Subject to the terms and conditions provided in this Section 5.3, the Sellers will, and will cause the Acquired Companies to, use their commercially reasonable efforts to obtain at the earliest practicable date all consents, waivers and approvals from, and provide all notices to, all Persons that are not a Governmental Authority, which consents, waivers, approvals and notices are required to consummate, or in connection with, the transactions contemplated by this Agreement (except for such matters covered by Section 5.4). All such consents, waivers, approvals and notices will be in writing and in form and substance satisfactory to the Purchaser, and executed counterparts of such consents, waivers and approvals will be delivered to the Purchaser promptly after receipt thereof, and copies of such notices will be delivered to the Purchaser promptly after the making thereof. Notwithstanding anything to the contrary in this Agreement, neither the Sellers nor any of its Affiliates, nor the Purchaser nor any of its Affiliates (which for purposes of this sentence will include the Acquired Companies), will be required to pay any amounts in connection with obtaining any consent, waiver or approval.

(b) Subject to the terms and conditions provided in this Section 5.3, the Sellers and the Purchaser each will use their commercially reasonable efforts to (i) obtain at the earliest practicable date all consents, waivers and approvals from, and provide all notices to, all, Governmental Authorities necessary to obtain all Governmental Authorizations that are required to be obtained under any Law in connection with the transactions contemplated by this Agreement; (ii) lift or rescind any injunction, restraining order or other Judgment adversely affecting the ability of such party to this Agreement to consummate the transactions contemplated by this Agreement; (iii) effect all necessary registrations and filings including filings and submissions of information requested or required by any Governmental Authority, including the Antitrust Division of the United States Department of Justice, the Federal Trade Commission, any State Attorney General and any other national antitrust authorities with mandatory pre-merger filing requirements that are deemed by the Sellers and the Purchaser, after consulting with one another, to be applicable to the transactions contemplated by this Agreement ("Governmental Antitrust Authority"); (iv) transfer, re-issue or modify, as required by Environmental Law, any Environmental Permit and (v) fulfill all conditions to this Agreement.

(c) Subject to, and not in limitation of, Section 5.3(a) and Section 5.3(b), each Seller will, and will cause each Acquired Company to, and the Purchaser will use its commercially reasonable efforts to (i) take, or cause to be taken, all actions necessary or appropriate to consummate the transactions contemplated by this Agreement and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

(d) In furtherance, and not in limitation of, the foregoing, each Seller will, and will cause each Acquired Company to, and the Purchaser will each (i) use its commercially reasonable efforts to resolve such objections, if any, as may be asserted with respect to the transactions contemplated by this Agreement under any antitrust, competition or trade regulatory Laws ("Antitrust Laws"), (ii) use its commercially reasonable efforts to avoid the entry of, or to have vacated or terminated, any Judgment that would restrain, prevent or delay the consummation of the transactions contemplated by this Agreement, including defending through litigation on the merits and through any available appeals any claim asserted in any court by any party, and (iii) take any and all actions reasonably required by any Governmental Antitrust Authority as a condition to grant any consent necessary for the consummation of the transactions contemplated by this Agreement or as may be required to avoid (or eliminate) each and every impediment under any Antitrust Laws that may be asserted by any Governmental Antitrust Authority with respect to the transactions contemplated by this Agreement so as to enable the consummation of such transactions to occur as expeditiously as reasonably possible. Without limiting the generality of the foregoing, such actions will include proposing, negotiating, committing to and effecting (by consent decree, hold separate order or otherwise) the sale, divestiture or disposition of any assets or businesses of the Acquired Companies (or otherwise taking or committing to take any action that limits its freedom of action with respect to any of the businesses, product lines or assets of the Acquired Companies) as may be required to obtain such a consent of a Governmental Antitrust Authority or in order to avoid the pursuit or entry of, or to effect the dissolution of, any injunction, temporary restraining order or other Judgment in any Proceeding, which would otherwise have the effect of preventing or delaying the consummation of the transactions contemplated by this Agreement; provided, however, that notwithstanding anything in this Agreement to the contrary, Purchaser will not be required to sell, divest or dispose of any assets or businesses of the Acquired Companies, in any such case, that in the aggregate accounted for in excess of five percent (5%) of its business (measured in terms of turnover in its last accounting year) for all such assets or businesses to be sold, divested or disposed by the Purchaser or its Affiliates or the Acquired Companies.

(e) The Sellers and the Purchaser will keep each other apprised of the status of matters relating to the completion of the transactions contemplated by this Agreement and work cooperatively in connection with obtaining the requisite Governmental Authorizations, including: (i) cooperating with the other party in connection with filings under the HSR Act or any other Antitrust Laws (to the extent, if any, that such filings are necessary) including with respect to the party making a filing, (A) providing copies of all such documents to the non-filing party and its advisors prior to filing (other than documents containing confidential business information that will be shared only with outside legal counsel to the non-filing party) and (B) if requested, accepting all reasonable additions, deletions or changes suggested in connection with any such filing; (ii) furnishing to each other all information required for any application or other filing to be made pursuant to the HSR Act or any other Antitrust Laws (to the extent, if any, that such application or filings are necessary) in connection with the transactions contemplated by this Agreement; (iii) promptly notifying the other of and if in writing furnishing the other with copies of, any communications from or with any Governmental Antitrust Authority with respect to the transactions contemplated by this Agreement; (iv) permitting the other party to review in advance and considering in good faith the views of one another in connection with any proposed communication with any Governmental Antitrust Authority in connection with Proceedings under or relating to the HSR Act or any other Antitrust Laws, if applicable; (v) not agreeing to participate in any meeting or discussion with any Governmental Antitrust Authority in connection with Proceedings under or relating to the HSR Act or any other Antitrust Laws, if applicable, unless it consults with the other party in advance, and, to the extent permitted by such Governmental Antitrust Authority, gives the other party the opportunity to attend and participate in such meetings or discussions; and (vi) consulting and cooperating with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either party to this Agreement in connection with Proceedings under or relating to the HSR Act or any other Antitrust Laws, if applicable. If either party or any Affiliate thereof receives a request for additional information or documentary material from any such Governmental Antitrust Authority with respect to the transactions contemplated by this Agreement, then such party will endeavor in good faith to make, or cause to be made, as soon as practicable and after consultation with the other party, an appropriate response in compliance with such request. Each party will advise the other parties promptly in respect of any understandings, undertakings or agreements (oral or written) which such party proposes to make or enter into with any Governmental Antitrust Authority in connection with the transactions contemplated by this Agreement.

Section 5.4 Supplements to Disclosure Schedules. The Sellers may, from time to time prior to the Closing by written notice to the Purchaser, supplement the Seller Disclosure Schedule or add a schedule to the Seller Disclosure Schedule (such added schedule to be deemed a supplement hereunder) in order to disclose any matter which, if occurring prior to the date of this Agreement, would have been required to be set forth or described in the Seller Disclosure Schedule or to correct any inaccuracy or breach in the representations and warranties made by the Sellers in this Agreement. Subject to this Section 5.4, none of such supplements to the Seller Disclosure Schedule will be deemed to cure the representations and warranties to which such matters relate with respect to satisfaction of the conditions set forth in Section 6.1(a) or otherwise affect any other term or condition contained in this Agreement; provided, however, that unless the Purchaser will have delivered a notice of termination with respect to such matter as contemplated by Section 7.1(b) (to the extent the Purchaser is entitled to deliver such notice pursuant to Section 7.1(b)) within fifteen (15) Business Days of the receipt by the Purchaser of any supplement to the Seller Disclosure Schedule pursuant to this Section 5.4, then the Purchaser will be deemed to have waived any and all rights to terminate this Agreement pursuant to Section 7.1(b) arising out of or relating to the contents of such supplement and the resulting breach or breaches of the representations and warranties; provided, however, that no other rights of the Purchaser or the Purchaser Indemnified Parties hereunder, including the right to indemnification provided in the Indemnification Articles below, will be deemed to be waived, limited or impaired by the delivery and/or acceptance of any supplement to the Seller Disclosure Schedule.

Section 5.5 Financing. Notwithstanding anything contained in this Agreement to the contrary, the Purchaser expressly acknowledges and agrees that the Purchaser's obligations under this Agreement are not conditioned in any manner whatsoever upon the Purchaser's obtaining any financing and any failure to fulfill any obligation under this Agreement arising from the failure of the Purchaser to obtain financing or the unavailability of such financing will be deemed to be intentional for purposes of this Agreement.

Section 5.6 Non-Competition; Non-Solicitation; Confidentiality.

(a) The parties agree to continue to abide by that certain Confidentiality Agreement between the Sellers and the Purchaser dated May 20, 2009 (the "Confidentiality Agreement"), which will survive until the Closing, at which time the Confidentiality Agreement will terminate; provided, however, that if this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement will continue in full force and effect in accordance with its terms.

(b) After the Closing, the Sellers will not and will cause their directors, officers, employees and Affiliates not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than authorized officers, directors and employees of the Purchaser or use or otherwise exploit for its own benefit or for the benefit of anyone other than the Purchaser, the Company Information, except to the extent compelled by Law or to the extent that such Company Information (i) must be disclosed in connection with the obligations of the Sellers pursuant to this Agreement and the Ancillary Agreements or (ii) can be shown to have been in the public domain through no fault of the Sellers. Notwithstanding the foregoing, in no event will this Section 5.6(b) limit or otherwise restrict the right of the Sellers to disclose such Company information (i) to its and its Affiliates' respective directors, officers, employees, agents and advisors to the extent reasonably required to facilitate the negotiation, execution, delivery or performance of this Agreement and the Ancillary Agreements, (ii) to any Governmental Authority or arbitrator to the extent reasonably required in connection with any Proceeding relating to the enforcement of this Agreement or any Ancillary Agreement, (iii) in connection with its indemnification obligations under this Agreement, including the defense of any Third Party Claim, and (iv) as permitted in accordance with Section 5.7. "Company Information" means any information with respect to the Acquired Companies, including methods of operation, customer lists, products, prices, fees, costs, Technology, inventions, Trade Secrets, know-how, Software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters.

(c) For a period of two (2) years from and after the Closing Date (the "Non-Compete Period"), the Sellers will not, and will cause their Affiliates not to, directly or indirectly, anywhere in the world, own, manage, engage in, operate, control, or maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, engaged in the manufacture and sale of interconnect products competing with the Products for the electronic and communication systems, military/aerospace and transportation markets (a "Competing Business"); provided, however, that, for the purposes of this Section 5.6(c), the Sellers or any of their Affiliates will not be prevented from:

(i) being the holder or beneficial owner by way of bona fide investment purposes only of any units of an authorized unit trust and/or any securities in any company carrying on any Competing Business which are listed or traded on any recognized stock exchange, regulated market or trading facility provided always that Sellers do not hold or are not beneficially interested in more than a total of ten percent (10%) of any single class of the equity securities in such listed company, and provided that Sellers do not have directly or indirectly any management functions or any material influence in such a company; or

(ii) acquiring in a single transaction or a series of related transactions any one or more companies and/or businesses (taken together, the "Acquired Business") and carrying on that Acquired Business although its activities include a Competing Business (the "Acquired Competing Business") if the Acquired Competing Business represents not more than twenty percent (20%) of the Acquired Business (measured in terms of turnover in its last accounting year) (a "Less Than 20% Acquired Competing Business"); provided, however, that if the Sellers or any of their Affiliates acquires during the Non-Compete Period an Acquired Business with a Less Than 20% Acquired Competing Business, then the Sellers or their Affiliates, as applicable, will enter into good faith negotiations with the Purchaser regarding the sale to the Purchaser of such Less Than 20% Acquired Competing Business (it being agreed and understood that Sellers or their Affiliates, as applicable, will not be obligated to sell such Less Than 20% Acquired Competing Business to the Purchaser unless terms and conditions are mutually agreed upon by the parties).

(d) For a period of two (2) years from and after the Closing Date, the Sellers will not, and will cause their directors, officers, employees and Affiliates not to, directly or indirectly hire, solicit or assist others in soliciting the employment of any of the Employees of the Acquired Companies; provided, however, nothing in this Agreement will prohibit or limit (i) Sellers from making general employment solicitations through public advertisements, or (ii) solicitations by employee search firms engaged by the Sellers but not directed by the Sellers towards any such Employees of the Acquired Companies or prohibit or limit the Sellers from hiring any individuals who respond to such solicitations.

(e) The covenants and undertakings contained in this Section 5.6 relate to matters which are of a special, unique and extraordinary character and a violation of any of the terms of this Section 5.6 will cause irreparable injury to the Purchaser, the amount of which will be impossible to estimate or determine and which cannot be adequately compensated. Accordingly, the remedy at law for any breach of this Section 5.6 will be inadequate. Therefore, the Purchaser will be entitled to a temporary and permanent injunction, restraining order or other equitable relief from any court of competent jurisdiction in the event of any breach of this Section 5.6 without the necessity of proving actual damage or posting any bond whatsoever. The rights and remedies provided by this Section 5.6 are cumulative and in addition to any other rights and remedies which Purchaser may have hereunder or at law or in equity.

(f) The parties hereto agree that, if any court of competent jurisdiction determines that a specified time period, a specified geographical area, a specified business limitation or any other relevant feature of this Section 5.6 is unreasonable, arbitrary or against public policy, then a lesser period of time, geographical area, business limitation or other relevant feature which is determined by such court to be reasonable, not arbitrary and not against public policy may be enforced against the applicable party.

Section 5.7 Public Announcements. Each party agrees not to issue any press release or make any other public announcement relating to this Agreement without the prior written approval of the other party unless required by applicable securities Law or securities listing standards (in the reasonable opinion of counsel to the disclosing party) in which case the Sellers and the Purchaser will have the right to review such press release or other announcement prior to issuance, distribution or publication.

Section 5.8 Use of Seller Brand.

(a) Except as specifically provided in this Section 5.8, from and after the Closing, the Purchaser will have no right to use the Seller Name. "Seller Name" means the marks or names "SAFRAN" or "Snecma" or any variations and derivatives thereof and any other logos, trademarks, service marks, names, corporate names, tradenames, and other similar designators of origin of the Sellers or their Affiliates that incorporate, represent or are used in conjunction with Seller Name or such variations or derivations.

(b) The Purchaser will promptly, and in any event within sixty (60) days after the Closing Date, cause the Acquired Companies to cease to use and remove or cover the Seller Name from all signs, billboards, telephone listings, sales invoices, printed forms, documents, stationery, office supplies or other similar materials.

(c) The Purchaser may use product literature that bears the Seller Name for a reasonable time after the Closing Date, not to exceed ninety (90) days. No product literature used after the ninety (90) day anniversary of the Closing Date may include a reference to the Sellers or any of their Affiliates after the Closing, including any addresses or telephone numbers.

(d) Each of the parties hereto acknowledges and agrees that the remedy at Law for any breach of the requirements of this Section 5.8 would be inadequate, and agrees and consents that without intending to limit any additional remedies that may be available, the Sellers will be entitled to a temporary or permanent injunction, without proof of actual damage or inadequacy of legal remedy, and without posting any bond or other undertaking, any Proceeding that may be brought to enforce any of the provisions of this Section 5.8.

Section 5.9 Affiliate Transactions.

(a) On or prior to the Closing Date, the Sellers will, and will cause their Affiliates to, (i) terminate, effective as of the Closing, all Affiliate Contracts, except for those Contracts listed in Section 5.9(a) of the Seller Disclosure Schedule, and (ii) deliver releases (the "Affiliate Releases") executed by such Affiliates with whom such Contracts have been terminated pursuant to this Section 5.9(a) providing that no further payments are due, or may become due, under or in respect of any such terminated Contracts; provided that in no event will the Acquired Companies pay any fee or otherwise incur any expense or financial exposure with respect to any such termination or release other than amounts due in accordance with the termination of such Affiliate Contracts.

(b) Immediately prior to the Closing, except for those with respect to those Contracts listed on Section 5.9(a) of the Seller Disclosure Schedule, all intercompany receivables, payables and loans between the Sellers or any of their Affiliates (other than the Acquired Companies), on the one hand, and an Acquired Company, on the other hand, will be, at the Sellers' election, settled, paid, capitalized, distributed or otherwise terminated, with the result that there will not be intercompany receivables, payables and loans between the Sellers or any of their Affiliates (other than the Acquired Companies), on the one hand, and an Acquired Company, on the other hand, immediately after Closing, except for those with respect to those Contracts listed on Section 5.9(a) of the Seller Disclosure Schedule.

(c) Prior to the Closing, the Sellers will be permitted to cause the Acquired Companies to distribute any and all cash balances as directed by the Sellers.

Section 5.10 Termination of Seller Insurance Coverage. The Purchaser acknowledges that all insurance coverage for the Acquired Companies under policies of the Sellers and their Affiliates (other than the Acquired Companies) will terminate as of the Closing and, following the Closing, no claims may be brought against any policy of the Sellers and their respective Affiliates in respect of the Acquired Company regardless of whether the events underlying such claim arose prior to or after the Closing.

Section 5.11 Credit and Performance Support Obligations. The Purchaser will use its commercially reasonable efforts to cause the Sellers and their Affiliates (other than the Acquired Companies) to be absolutely and unconditionally relieved (each relevant release of liability, a "Support Obligation Release") on or prior to the Closing of all Liabilities arising out of any letters of credit, performance bonds, corporate guarantees and other similar items issued and outstanding on behalf of the Acquired Companies, including those guarantees set forth on Section 5.11 of the Seller Disclosure Schedule (the "Support Obligation Liabilities"). From and after the Closing, the Purchaser will indemnify the Sellers and their Affiliates (other than the Acquired Companies) against any Losses of any kind whatsoever with respect to any Support Obligation Liabilities for which a Support Obligation Release is not obtained. The parties agree that they will cooperate and use commercially reasonable efforts to obtain the relief provided in this Section 5.11 as promptly as practicable following the date hereof.

Section 5.12 Amended and Restated Labinal Supply Agreement. Prior to the Closing, Cinch U.S. will enter into an amended supply agreement with Labinal, Inc. substantially in the form of Exhibit B attached hereto (the "Amended And Restated Labinal Supply Agreement").

Section 5.13 Contact with Customers and Suppliers.

(a) Until the Closing Date, none of the Purchaser, its Affiliates and their representatives may contact or communicate with the customers, suppliers, distributors and licensors of the Acquired Companies in connection with the transactions contemplated hereby without the prior written consent of the Sellers, which consent will not be unreasonably withheld. Nothing in this Section 5.13 will prohibit the Purchaser from contacting the customers, suppliers and licensors of the Acquired Companies in the ordinary course of the Purchaser's businesses for the purpose of selling products of the Purchaser's businesses or for any other purpose unrelated to the Acquired Companies and the transactions contemplated by this Agreement.

(b) From the date hereof until the Closing Date, if a party to a Material Contract or any of the customers listed on Section 3.22(a) of the Seller Disclosure Schedule provide written notice to an Acquired Company that it intends to materially decrease the rate of purchases of materials, products or services from an Acquired Company, Sellers will use commercially reasonable efforts to notify Purchaser of such decrease and will cooperate in good faith with Purchaser with respect to communicating with the counterparty to such Material Contract or such customer, as applicable, with respect to such decrease. From the date hereof until the Closing Date, if any of the suppliers listed on Section 3.22(a) of the Seller Disclosure Schedule provide written notice to an Acquired Company that it intends to materially increase the cost of its supply of materials, products or services used by the Acquired Companies, Sellers will use commercially reasonably efforts to notify Purchaser of such increase and will cooperate in good faith with Purchaser with respect to communicating with such supplier with respect to such increase.

Section 5.14 No Shop.

(a) The Sellers and the Acquired Companies will not, and will not permit their respective Affiliates, directors, officers, employees, representatives or agents (collectively, the "Representatives") to, directly or indirectly, (i) discuss, encourage, negotiate, undertake, initiate, authorize, recommend, propose or enter into, whether as the proposed surviving, merged, acquiring or acquired corporation or otherwise, any transaction involving a merger, consolidation, business combination, purchase or disposition of any material amount of the assets of the Acquired Companies or any capital stock or other ownership interests of the Acquired Companies other than the transactions contemplated by this Agreement (an "Acquisition Transaction"), (ii) facilitate, encourage, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of an Acquisition Transaction, (iii) furnish or cause to be furnished, to any Person, any information concerning the business, operations, properties or assets of the Acquired Companies in connection with an Acquisition Transaction, or (iv) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing.

(b) The Sellers and the Acquired Companies will (and the Sellers and the Acquired Companies will cause their Representatives to) immediately cease and cause to be terminated any existing discussions or negotiations with any Persons (other than the Purchaser) conducted heretofore with respect to any Acquisition Transaction. The Sellers and the Acquired Companies agree not to release any third party from the confidentiality and standstill provisions of any agreement to which any of the Acquired Companies is a party.

Section 5.15 Preservation of Records. Subject to any retention requirements relating to the preservation of Tax records, the Sellers and the Purchaser agree that each of them will (and will cause the Acquired Companies to) preserve and keep the records held by them relating to the respective businesses of the Acquired Companies for a period of seven years from the Closing Date and will make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, legal proceedings against or governmental investigations of the Sellers, the Acquired Companies or the Purchaser or any of their Affiliates or in order to enable the Sellers or the Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event the Sellers or the Purchaser wishes to destroy (or permit to be destroyed) such records after that time, such party will first give ninety (90) days prior written notice to the other and such other party will have the right at its option and expense, upon prior written notice given to such party within that ninety (90) day period, to take possession of the records within one hundred eighty (180) days after the date of such notice. Sellers shall cause the Cinch U.K. Books to be delivered to Cinch U.K. or Purchaser as promptly as practicable upon the Closing.

Section 5.16 Use of Name of Acquired Companies. The Sellers hereby acknowledge that upon the Closing, the name "Cinch Connectors, Inc.", "Cinch Connectors Ltd.", "Cinch Connectors de Mexico, S.A. de C.V." or similar names, derivatives thereof and any service marks, trademarks, trade names, d/b/a names, fictitious names, identifying symbols, logos, emblems, signs or insignia related thereto or containing or comprising the foregoing, or otherwise used in the business of the Acquired Companies (the "Cinch Name"), including any name or mark confusingly similar thereto and the Marks listed on Section 3.9(a) of the Seller Disclosure Schedule (collectively, the "Company Marks") will be owned by the Purchaser and/or the Acquired Companies. Following the Closing, the Sellers will not, and will not permit their respective Affiliates to, use the Cinch Name or any variation or simulation thereof or any of the Company Marks. Each of the Sellers will, and will cause each its Affiliates to, immediately after the Closing, cease to hold itself out as having any affiliation with the Acquired Companies or any of its Affiliates after the Closing. In furtherance thereof, as promptly as practicable but in no event later than ninety (90) days following the Closing Date, the Sellers will remove, strike over or otherwise obliterate all Company Marks from all materials held by, or under the control of, the Sellers and their post-closing Affiliates, including any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, computer software and other materials. Further, at, or as soon as legally practicable after, the Closing (but in any event within ten days after the Closing Date), each of the Sellers will, and will cause its respective Affiliates to, remove any Company Mark from its legal name by appropriate legal proceedings in the jurisdiction of its organization and in each jurisdiction where such entity has registered to do business.

Section 5.17 Monthly Financial Statements.

(a) As soon as reasonably practicable, but in no event later than five (5) Business Days after the end of each calendar month during the period from the date hereof to the Closing, the Sellers will provide the Purchaser with a written calculation of the Aggregate Revenues for such preceding calendar month.

(b) As soon as reasonably practicable, but in no event later than thirty (30) days after the end of each calendar month during the period from the date hereof to the Closing, the Sellers will provide the Purchaser with (i) unaudited monthly financial statements and (ii) operating or management reports (such reports to be in the form prepared by the Acquired Companies for the Sellers in the ordinary course of business) of the Acquired Companies for such preceding month.

(c) Between the date hereof and the Closing, Sellers will cooperate in good faith with Purchaser with respect to the preparation of any audited balance sheets for the Acquired Companies in accordance with U.S. GAAP and the related statements of income, changes in equity and cash flows that may be required by Purchaser to satisfy the reporting requirements of the United States Securities and Exchange Commission following the Closing.

Section 5.18 Fees and Expenses. No later than three (3) Business Days prior to the Closing Date, the Sellers will deliver to the Purchaser (i) pay-off letters or final invoices in respect of the Company Transaction Expenses from third-party service providers to whom payments are required to be made by the Acquired Companies, and (ii) a certificate of the Sellers setting forth an estimate of the unpaid balance of all Company Transaction Expenses as of the close of business on the day immediately preceding the Closing. On the Closing Date prior to the Closing, the Sellers will deliver to the Purchaser a certificate of the Sellers setting forth the unpaid balance of all Company Transaction Expenses as of the close of business on the day immediately preceding the Closing.

Section 5.19 Notification of Certain Matters. The Sellers will give notice to the Purchaser and the Purchaser will give notice to the Sellers, as promptly as reasonably practicable upon becoming aware of (a) any fact, change, condition, circumstance, event, occurrence or nonoccurrence that has caused or is reasonably likely to cause any representation or warranty in this Agreement made by it to be untrue or inaccurate in any respect at any time after the date hereof and prior to the Closing, (b) any material failure on its part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder or (c) the institution of or the threat of institution of any Proceeding against any of the Sellers or any of the Acquired Companies related to this Agreement or the transactions contemplated hereby; provided that the delivery of any notice pursuant to this Section 5.19 will not limit or otherwise affect the remedies available hereunder to the party receiving such notice, or the representations or warranties of, or the conditions to the obligations of, the parties hereto.

Section 5.20 Debt; Payables. No later than the third (3^{rd}) Business Day prior to the Closing Date, the Sellers will provide the Purchaser with a certificate of the Sellers setting forth an estimate of the balance of all Indebtedness of the Acquired Companies as of the close of business on the day immediately preceding the Closing Date. On the Closing Date, prior to the Closing, the Sellers will deliver to the Purchaser a certificate of the Sellers setting forth all Indebtedness of the Acquired Companies as of the close of business on the day immediately preceding the Closing Date.

Section 5.21 Resignation of Directors and Officers; Removal and Replacement of Authorized Persons. The Sellers will use commercially reasonable efforts to cause each of the directors and officers of the Acquired Companies to submit a letter of resignation effective on or before the Closing Date. Effective on or before the Closing, the Sellers will, or will cause the Acquired Companies, to take all actions necessary to eliminate the Authority Granted to each Person identified on Section 3.24 of the Seller Disclosure Schedule and designate with the relevant parties their replacements as will be determined and identified in the sole and absolute discretion of the Purchaser.

Section 5.22 Relationship Managers.

(a) For a period of two (2) years from and after the Closing Date, Seller U.K. and Cinch U.K. will, or will cause one of their respective Affiliates to, each maintain a relationship manager (each a "U.K. Relationship Manager") to coordinate the relationship and dealings between Cinch U.K. and the Safran group of companies (the "Safran Group") in connection with existing and future projects. Each U.K. Relationship Manager will be designated, from time to time, by written notice to the other party at the time of designation and any change of designation. The U.K. Relationship Manager will be a point of contact between the Safran Group and Cinch U.K. for purposes of the continuing business relationship between the Safran Group and Cinch U.K. and the U.K. Relationship Managers will act in good faith to coordinate existing and future projects between Cinch U.K. and the Safran Group. Effective as of the Closing, (i) Seller U.K. hereby designates Thierry Viguier as its U.K. Relationship Manager and (ii) Purchaser hereby agrees to cause Cinch U.K. to designate Steve Willis as its U.K. Relationship Manager.

(b) For a period of two (2) years from and after the Closing Date, Seller U.S. (or an Affiliate of Seller U.S.) and Cinch U.S. will, or will cause one of their respective Affiliates to, each maintain a relationship manager (each a "U.S. Relationship Manager") to coordinate the relationship and dealings between Cinch U.S. and the Safran Group in connection with existing and future projects. Each U.S. Relationship Manager will be designated, from time to time, by written notice to the other party at the time of designation and any change of designation. The U.S. Relationship Manager will be a point of contact between the Safran Group and Cinch U.S. for purposes of the continuing business relationship between the Safran Group and Cinch U.S. and the U.S. Relationship Managers will act in good faith to coordinate existing and future projects between Cinch U.S. and the Safran Group. Effective as of the Closing, (i) Seller U.S. hereby designates Thierry Viguier as its U.S. Relationship Manager and (ii) Purchaser hereby designates Peter Bittner as its U.S. Relationship Manager.

Section 5.23 Transition Services. To the extent permitted under the terms of the Services Agreement, for a period of thirty-five (35) days following the Closing, the Sellers shall permit, and take all actions necessary to cause their Affiliates to permit, the Acquired Companies to continue to access the benefits of and use that certain payroll services agreement between Seller U.S. and/or one or more of its Affiliates, on the one hand, and the Ultimate Software Group, Inc. (UltiPro), on the other hand (the "Services Agreement") to the same extent as, and in a manner consistent with, the historical practices of the Acquired Companies.

Section 5.24 Further Actions. Subject to the other express provisions of this Agreement, upon the request of any party to this Agreement, the other parties will execute and deliver such other documents, instruments and agreements as the requesting party may reasonably require for the purpose of carrying out the intent of this Agreement and the transactions contemplated by this Agreement.

ARTICLE 6
CONDITIONS PRECEDENT TO OBLIGATION TO CLOSE

Section 6.1 Conditions to the Obligation of the Purchaser. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of each of the following conditions (any of which may be waived by the Purchaser, in whole or in part):

(a) Accuracy of Representations and Warranties. The representations and warranties of the Sellers in Article 3 must be true and correct in all material respects as of the Closing (except to the extent any such representation or warranty is expressly made as of the date of this Agreement or any other specific date, in which case such representation or warranty must have been true and correct in all material respects as of such date);

(b) Performance of Covenants. All of the covenants and obligations that the Sellers and/or the Acquired Companies are required to perform or comply with under this Agreement on or before the Closing Date must have been duly performed and complied with in all material respects;

(c) No Material Adverse Effect. If Closing has not occurred on or prior to January 31, 2010, there will not have occurred, as measured from or after February 1, 2010, any Closing Condition Material Adverse Effect; provided, however, that if all of the conditions set forth in this Article 6 have been satisfied or waived on or prior to January 31, 2010 (other than those conditions that by their nature can only be satisfied at the Closing), then this condition to Closing shall not be applicable in connection with the consummation of the transactions contemplated by this Agreement;

(d) No Action. There must not be in effect any Law or Judgment that would prohibit or make illegal the consummation of the transactions contemplated by this Agreement or cause the transactions contemplated by this Agreement to be rescinded following consummation;

(e) No Proceedings. No Proceedings will have been instituted by any Governmental Authority against the Sellers, the Acquired Companies, or the Purchaser, seeking to restrain or prohibit the consummation of the transactions contemplated hereby;

(f) Consents. The Sellers and the Acquired Companies will have obtained those consents listed in Section 6.1(f) of the Purchaser Disclosure Schedule in a form reasonably satisfactory to the Purchaser and copies thereof will have been delivered to the Purchaser;

(g) Transfer of Governmental Authorizations. The Acquired Companies will have obtained the issuance, reissuance or transfer of those Governmental Authorizations listed in Section 6.1(g) of the Purchaser Disclosure Schedule in a form reasonably satisfactory to the Purchaser and copies thereof will have been delivered to the Purchaser;

(h) Shareholders Meetings. The Purchaser will have received a written consent or copies of the minutes of meetings of the shareholders of the Acquired Companies from meetings duly held (i) evidencing the removal or resignation directors and officers of the Acquired Companies identified by the Purchaser prior to Closing and appointing their replacements, and (ii) revoking and granting powers of attorney as deemed appropriate by Purchaser, all in accordance with Section 5.21;

(i) Transaction Documents. The Sellers must have delivered or caused to be delivered each document that Section 2.5(a) requires it to deliver;

(j) Main Scheme. The Transfer of the Main Scheme will have occurred; and

(k) Closing Certificates. The Purchaser will have received a certificate signed by each Seller, each in form and substance reasonably satisfactory to the Purchaser, dated as of the Closing Date, to the effect that each of the conditions specified in this Section 6.1 have been satisfied in all respects (with respect to the condition specified in Section 6.1(e), only insofar as such Section 6.1(e) relates to Proceedings involving the Sellers or its Affiliates, which includes the Acquired Companies) (each such certificate, a "Closing Certificate").

Section 6.2 Conditions to the Obligation of the Sellers. The obligation of the Sellers to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of each of the following conditions (any of which may be waived by the Sellers, in whole or in part):

(a) Accuracy of Representations and Warranties. The representations and warranties of the Purchaser in Article 4 must be true and correct in all material respects as of the Closing (except to the extent any such representation or warranty is expressly made as of the date of this Agreement or any other specific date, in which case such representation or warranty must have been true and correct in all material respects as of such date);

(b) Performance of Covenants. All of the covenants and obligations that the Purchaser is required to perform or comply with under this Agreement on or before the Closing Date must have been duly performed and complied with in all material respects;

(c) No Action. There must not be in effect any Law or Judgment that would prohibit or make illegal the consummation of the transactions contemplated by this Agreement or cause the transactions contemplated by this Agreement to be rescinded following consummation;

(d) No Proceedings. No Proceedings will have been instituted by any Governmental Authority against the Sellers, the Acquired Companies, or the Purchaser, seeking to restrain or prohibit the consummation of the transactions contemplated hereby;

(e) Credit and Performance Support Obligations. The Sellers and their Affiliates (other than the Acquired Companies) will have been absolutely and unconditionally relieved of all Liabilities under those guarantees set forth in Section 6.2(e) of the Seller Disclosure Schedule, in a form reasonably satisfactory to the Sellers and copies thereof will have been delivered to the Sellers

(f) Main Scheme. The Transfer of the Main Scheme will have occurred; and

(g) Transaction Documents. The Purchaser must have delivered or caused to be delivered to the Sellers each document that Section 2.5(b) requires it to deliver.

Section 6.3 Transfer of Main Scheme.

(a) For purposes of this Agreement, the "Transfer of the Main Scheme" will be defined to occur when each of the following four elements have been completed:

(i) Cinch U.K. being substituted as Principal Company (as such term is defined in the Main Scheme) under the Main Scheme by Seller U.K. or one of its Affiliates;

(ii) an active member from both Seller U.K. or one of its Affiliates and Cinch U.K. joining the Main Scheme and the active member from Cinch U.K. subsequently ceasing to be an active member of the Main Scheme;

(iii) A scheme apportionment arrangement (as defined in Regulation 2 of the Occupational Pension Schemes (Employer Debt) Regulations 2005) being entered into providing for any Cinch U.K. section 75 debt to be apportioned to Seller U.K. or one of its Affiliates; and

(iv) Seller U.K. or one of its Affiliates, as Principal Company under the Main Scheme, providing notification to the Trustees of the Main Scheme and Cinch U.K. (as a Participating Employer under the Main Scheme) of the cessation of the participation of Cinch U.K. as a Participating Employer under the Main Scheme.

(b) Seller U.K. will provide the Purchaser with drafts of the documentation required to implement the Transfer of the Main Scheme not less than three (3) Business Days prior to the anticipated date of execution of such documentation and shall consider in good faith any comments on such documentation made by the Purchaser.

It is agreed and understood by the parties that neither the completion of any consultation with Cinch U.K. employees nor the receipt by Seller U.K. of formal approval of the UK pensions regulator will be required for the Transfer of the Main Scheme to have been deemed to occur.

ARTICLE 7
TERMINATION

Section 7.1 Termination Events. This Agreement may, by written notice given before or at the Closing, be terminated:

(a) by mutual consent of the Purchaser and the Sellers;

(b) by the Purchaser (so long as the Purchaser is not then in material breach of any of its representations, warranties or covenants contained in this Agreement) if (i) there has been a breach of any of the Sellers' representations, warranties or covenants contained in this Agreement, which would result in the failure of a condition set forth in Section 6.1(a) or Section 6.1(b), and (ii) such breach is not cured within twenty (20) days following receipt by the Sellers of notice of such breach from the Purchaser (or, in the case of a breach triggering a right of termination pursuant to Section 7.1(b)(i) that is included in a supplement to the Seller Disclosure Schedule delivered by Sellers pursuant to the terms of Section 5.4, during the fifteen (15) Business Days following receipt by the Purchaser of such supplement);

(c) by the Sellers (so long as the Sellers are not then in material breach of any of their representations, warranties or covenants contained in this Agreement) if there has been a breach of any of the Purchaser's representations, warranties or covenants contained in this Agreement, which would result in the failure of a condition set forth in Section 6.2(a) or Section 6.2(b), and which breach is not cured within twenty (20) days following receipt by the Purchaser of notice of such breach from the Sellers;

(d) by either the Purchaser or the Sellers if any Governmental Authority has issued a nonappealable final Judgment or taken any other nonappealable final action, in each case having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement; provided, however, that the right to terminate this Agreement under this Section 7.1(d) will not be available to any party whose failure to fulfill any material covenant under this Agreement has been the cause of or resulted in the action or event described in this Section 7.1(d) occurring;

(e) by the Purchaser if the Closing has not occurred (other than through the failure of the Purchaser to comply fully with its obligations under this Agreement) on or before April 30, 2010 (the "Termination Date"); provided, however, if the date on which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing) is after April 15, 2010 but on or before April 30, 2010, the Termination Date will be extended until May 15, 2010 so that it can be determined whether a Closing Condition Material Adverse Effect has occurred; provided, further, however that if as of the Termination Date all of the conditions set forth in Article 6 have heretofore been satisfied or waived (other than those conditions that by their nature can only be satisfied as of the Closing) other than the conditions set forth in Section 6.1(f), Section 6.1(j), Section 6.2(e) and/or Section 6.2(f), then such date may be extended by the Purchaser, in its sole and absolute discretion, to May 30, 2010 by Purchaser's providing written notice of such extension to Sellers on or prior to April 30, 2010 and; provided further that if following such an extension, as of May 30, 2010 all of the conditions set forth in Article 6 have heretofore been satisfied or waived (other than those conditions that by their nature can only be satisfied as of the Closing) other than the conditions set forth in Section 6.1(f), Section 6.1(j), Section 6.2(e) and/or Section 6.2(f), then such date may be extended by the Purchaser, in its sole and absolute discretion, to June 30, 2010 by Purchaser's providing written notice of such extension to Sellers on or prior to May 30, 2010 (each of such extensions by Purchaser being, an "Extension"). If, after any Extension, the date on which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing) is after the fifteenth (15th) day of the final month covered by such Extension(s), but on or before the last day of such month, the Termination Date will be extended until the fifteenth (15th) of the immediately succeeding month so that it can be determined whether a Closing Condition Material Adverse Effect has occurred.

(f) by the Purchaser on or after February 1, 2010, if (i) the Closing has not occurred on or prior to January 31, 2010 and (ii) a Closing Condition Material Adverse Effect occurs from or after February 1, 2010 (it being agreed and understood that if all of the conditions set forth in Article 6 have been satisfied or waived on or prior to January 31, 2010 (other than those conditions that by their nature can only be satisfied at the Closing), then the termination right set forth in this Section 7.1(f) shall not be applicable); or

(g) by the Sellers if the Closing has not occurred (other than through the failure of any Seller to comply fully with its obligations under this Agreement) on or before the Termination Date; provided, however, if the date on which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing) is after April 15, 2010 but on or before April 30, 2010, the Termination Date will be extended until May 15, 2010 so that it can be determined whether a Closing Condition Material Adverse Effect has occurred; provided, further, however that if as of the Termination Date all of the conditions set forth in Article 6 have heretofore been satisfied or waived (other than those conditions that by their nature can only be satisfied as of the Closing) other than the conditions set forth in Section 6.1(f), Section 6.1(j), Section 6.2(e) and/or Section 6.2(f), then such date may be extended by the Purchaser, in its sole and absolute discretion, to May 30, 2010 by Purchaser's providing written notice of such extension to Sellers on or prior to April 30, 2010 and; provided further that if following such an extension, as of May 30, 2010 all of the conditions set forth in Article 6 have heretofore been satisfied or waived (other than those conditions that by their nature can only be satisfied as of the Closing) other than the conditions set forth in Section 6.1(f), Section 6.1(j), Section 6.2(e) and/or Section 6.2(f), then such date may be extended by the Purchaser, in its sole and absolute discretion, to June 30, 2010 by Purchaser's providing written notice of such extension to Sellers on or prior to May 30, 2010 (each of such extensions by Purchaser being, an "Extension"). If, after any Extension, the date on which the last of the conditions set forth in Article 6 have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing) is after the fifteenth (15th) day of the final month covered by such Extension(s), but on or before the last day of such month, the Termination Date will be extended until the fifteenth (15th) of the immediately succeeding month so that it can be determined whether a Closing Condition Material Adverse Effect has occurred.

Section 7.2 Effect of Termination. If this Agreement is terminated pursuant to Section 7.1, this Agreement and all rights and obligations of the parties under this Agreement automatically end without Liability against any party or its Affiliates, except that (a) Section 5.6(a) *(Non-Competition; Non-Solicitation; Confidentiality)*, Section 5.7 *(Public Announcements)*, Section 7.4 *(Certain Effects of Termination)*, Article 11 *(General Provisions)* (except for Section 11.12 *(Specific Performance)* and this Section 7.2 will remain in full force and survive any termination of this Agreement and (b) if, with respect to a party (the "Compliant Party") this Agreement is terminated by the other because of the knowing and intentional breach of this Agreement by the other party or because one or more of the conditions to the Compliant Party's obligations under this Agreement is not satisfied as a result of the other party's knowing and intentional failure to comply with its obligations under this Agreement, the Compliant Party's right to pursue all legal remedies will survive such termination unimpaired.

Section 7.3 Procedure Upon Termination. In the event of termination and abandonment by the Purchaser or the Sellers, or both, pursuant to Section 7.1, after the expiration of any applicable cure periods, written notice thereof will forthwith be given to the other party or parties, and this Agreement will terminate, and the purchase of the Shares hereunder will be abandoned, without further action by the Purchaser, the Acquired Companies or the Sellers.

Section 7.4 Certain Effects of Termination. If the Purchaser or the Sellers terminates this Agreement pursuant to Section 7.1, the Purchaser will comply with the Confidentiality Agreement regarding the return and/or destruction of any information furnished to the Purchaser in connection with this Agreement.

ARTICLE 8
INDEMNIFICATION

Section 8.1 Indemnification by the Sellers. If the Closing occurs, and subject to the limitations expressly set forth in Section 8.4 and Section 8.5, the Sellers will jointly and severally indemnify and hold harmless the Purchaser and its directors, officers, employees, agents, representatives, stockholders and Affiliates (collectively, the "Purchaser Indemnified Parties") from and against any and all Losses (other than Losses with respect to Taxes, for which the provisions of Section 9.1(a) will govern) incurred by the Purchaser Indemnified Parties arising or resulting from (a) the failure of any of the representations or warranties made by the Sellers in this Agreement or in any Ancillary Agreements or other agreements delivered in connection herewith or therewith to be true and correct in all respects at and as of the date hereof and at and as of the Closing Date (other than breaches of the representations and warranties set forth in Section 3.27, for which the provisions of Section 8.1(d) will govern); (b) the breach of any covenant or other agreement on the part of the Sellers under this Agreement or any Ancillary Agreements or other agreements delivered in connection herewith or therewith; (c) the indemnification obligations set forth in Section 10.7 of this Agreement; (d) the Acquired Companies' failure to comply, at any time prior to the Closing, with the testing and reporting requirements of the Defense Logistics Agency and Defense Supply Center Columbus, whether applicable directly or indirectly, including, without limitation, the requirements necessary for any Acquired Company to be listed on the DoD List for the Mil Spec Products and the requirements applicable to those other Products of the Acquired Companies that are or have been on the DoD List (in which case, for the avoidance of doubt, Losses will include, without limitation, all costs associated with any and all criminal fines, applicable penalties and product recall expenses arising out of such failure to comply); and (e) to the extent not already reduced from the Purchase Price pursuant to the terms of Article 2, any fees, commissions, or like payments by any Person having acted or claiming to have acted, directly or indirectly, as a broker, finder or financial advisor for the Acquired Companies in connection with the transactions contemplated by this Agreement.

Section 8.2 Indemnification by the Purchaser. If the Closing occurs, and subject to the limitations expressly set forth in Section 8.4 and Section 8.5, the Purchaser will indemnify and hold harmless the Sellers and its directors, officers, employees, agents, representatives and Affiliates (collectively, the "Seller Indemnified Parties") from and against any and all Losses (other than Losses with respect to Taxes, for which the provisions of Section 9.1(b) will govern) incurred by the Seller Indemnified Parties arising or resulting from (a) the failure of any of the representations or warranties made by the Purchaser in this Agreement or in any Ancillary Agreements or other agreements delivered in connection herewith or therewith to be true and correct in all respects at and as of the date hereof and at and as of the Closing Date; (b) the breach of any covenant or other agreement on the part of the Purchaser under this Agreement or any Ancillary Agreements or other agreements delivered in connection herewith or therewith;

(c) any Change of Control Payment other than any obligation of Sellers under Section 2.7; and

(d) arising from or related to any fees, commissions, or like payments by any Person having acted or claiming to have acted, directly or indirectly, as a broker, finder or financial advisor for the Purchaser in connection with the transactions contemplated by this Agreement.

Section 8.3 Claim Procedure.

(a) A party that seeks indemnity under the Indemnification Articles (an "Indemnified Party") will give written notice (a "Claim Notice") to the party from whom indemnification is sought (an "Indemnifying Party") whether the Losses sought arise from matters solely between the parties or from Third Party Claims described in Section 8.3(b). The Claim Notice must contain (i) a description and, if known, the estimated amount of any Losses incurred or reasonably expected to be incurred by the Indemnified Party, (ii) a reasonable explanation of the basis for the Claim Notice to the extent of the facts then known by the Indemnified Party and (iii) a demand for payment of those Losses.

(b) If the Indemnified Party seeks indemnity under the Indemnification Articles in response to a claim or Proceeding by another Person not a party to this Agreement (a "Third Party Claim"), then the Indemnified Party will promptly give a Claim Notice to the Indemnifying Party after the Indemnified Party has received notice or otherwise learns of the assertion of such Third Party Claim and will include in the Claim Notice (i) the facts constituting the basis for such Third Party Claim and the amount of the damages claimed by the other Person, in each case to the extent known to the Indemnified Party, accompanied by reasonable supporting documentation submitted by such third party (to the extent then in the possession of the Indemnified Party) and (ii) the assertion of the claim or the notice of the commencement of any Proceeding relating to such Third Party Claim; provided, however, that no delay or deficiency on the part of the Indemnified Party in so notifying the Indemnifying Party will relieve the Indemnifying Party of any Liability under this Agreement except to the extent such delay or deficiency prejudices or otherwise adversely affects the rights of the Indemnifying Party with respect thereto.

(c) Subject to the provisions of this Section 8.3, the Indemnifying Party will have the right, at its sole expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the Indemnified Party, and to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder; provided that the Indemnifying Party will have acknowledged in writing to the Indemnified Party its unqualified obligation to indemnify the Indemnified Party as provided hereunder. If the Indemnifying Party elects to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified by it hereunder, it will within ninety (90) days of the Indemnifying Party's receipt of the Third Party Claim related thereto, notify the Indemnified Party of its intent to do so. If the Indemnified Party defends any Third Party Claim, then the Indemnifying Party will reimburse the Indemnified Party for the expenses of defending such Third Party Claim upon submission of periodic bills. If the Indemnifying Party will assume the defense of any Third Party Claim, the Indemnified Party may participate, at his or its own expense, in the defense of such Third Party Claim; provided, however, that such Indemnified Party will be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) so requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnified Party, a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; and provided, further, that the Indemnifying Party will not be required to pay for more than one such counsel in any particular jurisdiction for all Indemnified Parties in connection with any Third Party Claim. The parties hereto agree to provide reasonable access to the other to such documents and information as may be reasonably requested in connection with the defense, negotiation or settlement of any such Third Party Claim. The Indemnifying Party will not agree to any settlement of, or consent to the entry of any Judgment (other than a Judgment of dismissal on the merits without costs) arising from, any such Third Party Claim without the prior written consent of the Indemnified Party; provided, however, that the consent of the Indemnified Party will not be required if the Indemnifying Party agrees in writing to pay any amounts payable pursuant to such settlement or any Judgment and such settlement or Judgment includes a full, complete and unconditional release of the Indemnified Party from further Liability. The Indemnified Party will not agree to any settlement of, or the entry of any Judgment (other than a Judgment of dismissal on the merits without costs) arising from, any such Third Party Claim without the prior written consent of the Indemnifying Party unless the Indemnifying Party notifies the indemnified Party that it elects to not defend against, negotiate, settle or otherwise deal with such Third Party Claim or if the Indemnifying Party fails to provide notice within ninety (90) days of the Indemnifying Party's receipt of the Third Party Claim related thereto that it intends to defend against, negotiate, settle or otherwise deal with such Third Party Claim. It is agreed and understood that, to the extent it is obligated to indemnify an Indemnified Party hereunder with respect to a Third Party Claim, the Indemnifying Party will be liable for the fees and expenses incurred by the Indemnified Party in connection with such Third Party Claim for any period during which the Indemnifying Party has failed to assume the defense of such Third Party Claim (other than during the period prior to the delivery of the Claim Notice relating to such Third Party Claim as provided above).

(d) After any final decision, judgment or award will have been rendered by a Governmental Authority of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement will have been consummated, or the Indemnified Party and the Indemnifying Party will have arrived at a mutually binding agreement, in each case with respect to a Third Party Claim hereunder, the Indemnified Party will forward to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter and the Indemnifying Party will pay all of such remaining sums so due and owing to the Indemnified Party by check or wire transfer of immediately available funds to an account designated by the Indemnified Party within five (5) Business Days after the date of such notice.

Section 8.4 Survival. All representations and warranties contained in this Agreement or in any certificate delivered pursuant hereto will survive the Closing until the earlier of: (i) the date that is fifteen (15) months following the Closing Date; or (ii) June 30, 2011; provided, however, that the representations and warranties (a) of the Sellers set forth in Section 3.1 *(Organization and Good Standing)*, Section 3.2 *(Authority and Enforceability)*, and Section 3.4 *(Capitalization and Ownership, Subsidiaries)* will survive the Closing indefinitely, (b) of the Purchaser set forth in Section 4.1 *(Organization and Good Standing)* and Section 4.2 *(Authority and Enforceability)* will survive the Closing indefinitely, (c) of the Sellers set forth in respect of Taxes, including Section 3.11, will be subject to the indemnification provisions of Article 9, and (d) of the Sellers set forth in Section 3.14 *(Environmental, Health and Safety Matters)* will survive the Closing until the third anniversary of the Closing Date (as the case may be, the "General Survival Period"). The indemnification obligations of the Sellers set forth in Section 8.1(d) will survive the Closing until the third anniversary of the Closing Date (the "Mil Spec Survival Period", and each of the General Survival Period and Mil Spec Survival Period being referred to herein individually as a "Survival Period"). All claims for indemnification pursuant to Section 8.1(a), Section 8.1(d) and/or Section 8.2(a) must be asserted pursuant to a Claim Notice given prior to the expiration of the applicable Survival Period set forth in this Section 8.4; provided, however, that any representations, warranties or covenants underlying any claim for indemnification is asserted pursuant to a Claim Notice given after the Closing Date within the Survival Period specified in this Section 8.4 will survive until, but only for purposes of, the resolution of such claim.

Section 8.5 Limitations on Liability. Notwithstanding anything to the contrary contained in this Agreement:

(a) no indemnification payments will be made by or on behalf of (i) the Sellers pursuant to Section 8.1(a) or Section 8.1(d) or (ii) the Purchaser pursuant to Section 8.2(a), in respect of any individual claim or series claims having the same nature or origin where the Losses relating thereto are less than $15,000, and such items less than $15,000 will not be aggregated for purposes of calculating the Basket in clause (b) below;

(b) no indemnification payments will be made by or on behalf of (i) the Sellers pursuant to Section 8.1(a) or Section 8.1(d) or (ii) the Purchaser pursuant to Section 8.2(a), until the aggregate amount of Losses for which the Sellers or the Purchaser, as the case may be, would (but for this clause (b)) be liable thereunder exceeds one percent (1%) of the Purchase Price (such amount being, the "Basket"), in which case (that is, in the case the Basket is exceeded), the Sellers or the Purchaser, as the case may be, will be required to pay the entire amount of such Losses from dollar one; and

(c) the aggregate total amount in respect of which the Sellers will be liable to indemnify and hold harmless the Purchaser Indemnified Parties pursuant to Section 8.1(a) and Section 8.1(d) will not exceed thirty-five percent (35%) of the Purchase Price (the "Cap"); provided, however, that (i) except as set forth in Section 8.5(c)(ii), the aggregate total amount in respect of which the Sellers will be liable to indemnify and hold harmless the Purchaser Indemnified Parties pursuant to Section 8.1(a) will not exceed twenty percent (20%) of the Purchase Price (the "Seller Representation Cap"), and (ii) neither the Cap nor the Seller Representation Cap will apply to any indemnification obligations of any party pursuant to Sellers' breach of the representations and warranties set forth in Section 3.1 *(Organization and Good Standing)*, Section 3.2 *(Authority and Enforceability)*, Section 3.4 *(Capitalization and Ownership, Subsidiaries)*, Section 3.11 *(Taxes)* or Section 3.28 *(Brokers Fees)*.

(d) the aggregate total amount in respect of which the Purchaser will be liable to indemnify and hold harmless the Seller Indemnified Parties pursuant to Section 8.2(a) will not exceed twenty percent (20%) of the Purchase Price (the "Purchaser Representation Cap"); provided, however, that the Purchaser Representation Cap will not apply to any indemnification obligations of any party pursuant to Purchaser's breach of the representations and warranties set forth in Section 4.1 *(Organization and Good Standing)*, Section 4.2 *(Authority and Enforceability)*, Section 4.5 *(Brokers Fees)* or Section 4.6 *(Financial Capacity)*.

Notwithstanding the foregoing, the parties agree and acknowledge that (i) the limitations set forth in this Section 8.5 will not be applicable in the case of fraud, and (ii) if the facts underlying a matter would constitute a breach of a representation contained in Article 3 and, in addition, the Purchaser would be entitled to indemnification under Article 9 for losses in connection therewith, the Purchaser may elect to be indemnified for the Losses arising from such breach pursuant to either Section 8.1(a) or Article 9, as determined in the Purchaser's sole and absolute discretion (provided that in any case there will not be duplication of recovery under both Section 8.1(a) and Article 9).

Section 8.6 Materiality Thresholds Disregarded. For purposes of determining the failure of any representations or warranties to be true and correct, the breach of any covenants and agreements, and calculating Losses hereunder, any materiality or Material Adverse Effect qualifications in the representations, warranties, covenants and agreements will be disregarded.

Section 8.7 Knowledge. No Person will he entitled to indemnification under this Agreement with respect to any breach of any representation, warranty or covenant by the Sellers or the Purchaser if, on the date of this Agreement, the Person seeking such indemnification had Knowledge of the existence of such breach.

Section 8.8 Tax Refunds and Other Payments. The amount of any and all Losses for which indemnification is provided pursuant to the Indemnification Articles will be net of (i) any Tax benefit to which an Indemnified Party is entitled by reason of payment of such Losses (taking into account any Tax cost or reduction in such Tax benefit), but only if such Tax benefits is identifiable and able to be used by the Indemnified Party within one year from the date the Indemnified Party receives the indemnification payment; and (ii) any amounts of any insurance proceeds, indemnification payments, contribution payments or reimbursements receivable by, or payable in kind to, the Indemnified Party with respect to such Losses or any of the circumstances giving rise thereto. In connection therewith, if, at any time following payment in full by the Indemnifying Party of any amounts of Losses due under this Agreement, the Indemnified Party receives any insurance proceeds, indemnification payments, contribution payments or reimbursements relating to the circumstances giving rise to such Losses, the Indemnified Party will promptly remit to the Indemnifying Party such proceeds, payments or reimbursements in an amount not to exceed the amount of the corresponding indemnification payment made by the Indemnifying Party. The Purchaser will use (and will cause its Affiliates to use) commercially reasonable efforts to collect the proceeds of any available insurance which would have the effect of reducing any Losses (in which case the net proceeds thereof will reduce the Losses).

Section 8.9 Mitigation. The Indemnified Party will use its commercially reasonable efforts to mitigate any Losses with respect to which it may be entitled to seek indemnification pursuant to this Agreement.

Section 8.10 Subrogation. If an Indemnified Party is indemnified for any Losses pursuant to this Agreement with respect to any claim by a Person not party to this Agreement, then the Indemnifying Party will be subrogated to all rights and remedies of the Indemnified Party against such third party, and the Indemnified Party will cooperate with and assist the Indemnifying Party in asserting all such rights and remedies against such third party.

Section 8.11 No Right to Recover Against Acquired Companies. The Sellers and their Affiliates will have no right of contribution or other recourse against the Acquired Companies for any claims, including Third Party Claims, asserted by any Purchaser Indemnified Party, it being acknowledged and agreed that any covenants and agreements applicable to any Acquired Company are solely for the benefit of the Purchaser and the other Purchaser Indemnified Parties.

Section 8.12 Exclusive Remedy. Subject to Section 11.12, from and after the Closing, the sole and exclusive remedy of the Purchaser and the Sellers for any matter arising out of the transactions contemplated by this Agreement will be pursuant to the indemnification obligations set forth in the Indemnification Articles and, except for their respective rights to indemnification under the Indemnification Articles, (i) the Purchaser will have no remedy against the Sellers and (ii) the Sellers will have no remedy against the Purchaser, for any breach of any provision of this Agreement. In no event will the Sellers have any Liability for Losses arising from the conduct of the business of the Acquired Companies after the Closing.

ARTICLE 9
TAX MATTERS

Section 9.1 Liability and Indemnification for Taxes.

(a) If the Closing occurs, and except to the extent any Taxes are reserved or accrued on the Purchaser Estimated Closing Balance Sheets, as finally determined by Section 2.3(b), the Sellers will, jointly and severally, indemnify the Purchaser Indemnified Parties from and against any and all Losses incurred by a Purchaser Indemnified Party (i) in respect of and including all Taxes of the Acquired Companies that are attributable to the Pre-Closing Period (including, without limitation, any Losses in connection with those matters disclosed in Section 3.11 of the Seller Disclosure Schedules, regardless of any liability estimates or other qualifications stated therein and regardless of the taxable period in which the relevant income is recognized), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which an Acquired Company was a member on or prior to the Closing Date, including pursuant to Treasury Regulations §1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, (iii) any and all Taxes of any person (other than an Acquired Company) imposed on an Acquired Company as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing, (iv) for all Taxes attributable to any breach of the Sellers representations and warranties set forth in Section 3.11 and (v) for all Taxes arising solely out of or due to any breach of any covenant of the Sellers set forth in this Agreement.

(b) If the Closing occurs, the Purchaser will indemnify the Seller Indemnified Parties from and against any and all Losses of a Seller Indemnified Party (i) for all Taxes of the Acquired Companies that are attributable to any Post-Closing Period, except to the extent that such Losses for Taxes are attributable to any breach of a Sellers' representations and warranties set forth in Section 3.11 or fall within Section 9.1(a) and (ii) for all Taxes arising solely out of or due to any breach of any covenant of the Purchaser set forth in this Agreement.

(c) With respect to any Straddle Period, the amount of any Taxes based on or measured by income or receipts of any Acquired Company for the Pre-Closing Period will be determined as if it were a separate reporting period and by employing accounting methods which are consistent with those employed in preparing the Tax Returns for the Acquired Companies in prior reporting periods and which do not have the effect of distorting income or expenses (taking into account the transactions contemplated by this Agreement), except that Tax items of a periodic nature, such as property taxes or depreciation allowances calculated on an annual basis, will be allocated by apportioning a pro-rata portion of such Taxes to each day in the relevant Straddle Period.

(d) The Sellers will not be required to indemnify the Purchaser Indemnified Parties for reductions in any Tax Attributes. The Sellers will not be required to indemnify the Purchaser Indemnified Parties against Losses for Taxes attributable to the Pre-Closing Period to the extent such Losses for Taxes could be reduced under applicable Law by reason of net operating loss carryovers, Tax credits and other Tax Attributes arising in the Pre-Closing Period (otherwise than as a result of any event, transaction or circumstance occurring in any Post- Closing Period) which are not taken into account or otherwise reflected in the Purchaser Estimated Closing Balance Sheets as finally determined pursuant to Section 2.3(b) (assuming for the purposes of this sentence that such attributes are not used to reduce Taxes in the Post-Closing Period).

(e) Any payment required to be made under this Section 9.1 will be made on (i) the later of the date falling five (5) Business Days after notice is served by the relevant indemnifying party on the other and the date falling in a case where there is a liability to make a payment of or on account of Taxes three (3) Business Days before the last date upon which such payment is or would, but for the utilization of a Post Closing Tax Attribute, be required to be made in order to prevent a liability to fines, interest or penalties arising or (ii) the earliest date on which Taxes would have been reduced had the relevant Tax Attribute been available (assuming for these purposes that the relevant Acquired Company would have been in a position to utilize such Tax Attribute). Any payment made after the due date specified in this Section 9.1(e) will carry interest at a rate of one percent (1%) above the base lending rate of JPMorgan Chase Bank, N.A. from time to time from the due date to the date of actual payment (both dates inclusive).

(f) Notwithstanding anything contrary herein, all representations contained in Section 3.11 and the indemnification obligations set forth in this Article 9 will survive until thirty (30) days after the after the expiration of the applicable statute of limitation.

Section 9.2 Tax Return Filing; Audit Responsibilities.

(a) The Sellers will prepare and file or cause to be prepared and filed when due all Tax Returns that are required to be filed by or with respect to all Acquired Companies for taxable years or periods ending on or before the Closing Date with respect to such Acquired Companies and all consolidated, combined, unitary or similar group Tax Returns with respect to periods that include the Closing Date and that include an Acquired Company for such period but with respect to which an Acquired Company does not have primary responsibility for filing. Such Tax Returns will be prepared in a manner consistent with Sellers' past practice in respect of the Acquired Companies. The Sellers will remit any Tax Returns to the Purchaser not later than forty-five (45) Business Days before the applicable due date (including extensions) of such Tax Returns for their review and approval (not to be unreasonably withheld or delayed) not later than thirty (30) Business Days before the applicable due date of such Tax Returns. If, upon expiration of the Purchaser's period of review set forth in the preceding sentence, the parties disagree as to any item for which Purchaser's approval is required, the parties will promptly submit the item to a mutually acceptable internationally recognized accounting or law firm for final resolution, such resolution to be completed (where possible) five (5) days prior to the applicable due date (including extensions) for filing such Tax Return. The determination of such accounting or law firm will be binding upon the parties. The Sellers will timely pay to the Purchaser an amount equal to any Taxes for which the Sellers are liable pursuant to Section 9.1 (but which are payable with Tax Returns to be filed by the Purchaser). With respect to Tax Returns described in this Section 9.2(a), and subject to the limitations set forth in this Section 9.2, the Purchaser will cooperate with the Sellers in filing such Tax Returns, including causing the Acquired Companies to sign and file such Tax Returns, provided that such cooperation will not include the taking, or causing to be taken, any action inconsistent with, or in violation of, Law. With respect to any net refunds and credits attributable to the payment of Taxes for a Pre-Closing Period and for any portion of a Straddle Period ending on the Closing Date will be for the account of Seller, and the Purchaser will promptly pay to Seller any such refund or credit; provided, however, that the Purchaser shall be under no obligation pursue or seek any such refunds or credits.

(b) With respect to Tax Returns in respect of taxable years or periods beginning before the Closing Date and ending after the Closing Date, the Purchaser will prepare and file or cause to be prepared and filed such Tax Returns. The Purchaser will remit any such Tax Returns to the Sellers not later than forty-five (45) Business Days before the applicable due date (including extensions) of such Tax Returns for their review and approval (not to be unreasonably withheld or delayed) not later than thirty (30) Business Days before the applicable due date of such Tax Returns. If, upon expiration of the Sellers' period of review set forth in the preceding sentence, the parties disagree as to any item for which Sellers' approval is required, the parties will promptly submit the item to a mutually acceptable internationally recognized accounting or law firm for final resolution, such resolution to be completed (where possible) five (5) days prior to the applicable due date (including extensions) for filing such Tax Return. The determination of such accounting or law firm will be binding upon the parties. The Sellers will timely pay to the Purchaser an amount equal to any Taxes for which the Sellers are liable pursuant to Section 9.1 (but which are payable with Tax Returns to be filed by the Purchaser). With respect to Tax Returns described in this Section 9.2(b), and subject to the limitations set forth in this Section 9.2, the Sellers will cooperate with the Purchaser in filing such Tax Returns, including causing the Acquired Companies to sign and file such Tax Returns, provided that such cooperation will not include the taking, or causing to be taken, any action inconsistent with, or in violation of, Law. With respect to any net refunds and credits attributable to the payment of Taxes for a Post-Closing Period and for any portion of a Straddle Period ending after the Closing Date will be for the account of Purchaser, and Sellers will promptly pay to Purchaser any such refund or credit; provided, however, that the Sellers shall be under no obligation pursue or seek any such refunds or credits.

(c) Without limitation of the obligation to make payment by the due date, in the event that the Sellers or the Purchaser are liable under this Agreement for any Taxes paid by the other party with respect to any Tax Return, prompt reimbursement will be made.

(d) Each of the Purchaser and the Sellers will promptly notify the other in writing upon receipt of notice of any pending or threatened audits or assessments with respect to Taxes for which such other party (or any such other party's Affiliates) may be liable under this Agreement. If the Purchaser receives notice of a Tax Contest with respect to any Acquired Company which could reasonably be expected to cause the Sellers to have an indemnification obligation under this Article 9, then the Purchaser will promptly notify the Sellers in writing of such Tax Contest after receiving such notice. Subject to the Sellers indemnifying the Purchaser against all Losses which may thereby be incurred, the Purchaser will and will procure that any relevant Acquired Company will take such action to resist, avoid, dispute, appeal or defend such Tax Contest as the Sellers may reasonably request, provided that the Purchaser will not be required to take or procure the taking of action which involves agreeing to the settlement or compromise of the Tax Contest or any proposal for the same which is likely to increase the amount of Taxes involved or the future liability to Taxes of any Purchaser Affiliate. If the Sellers fail to make such request within thirty (30) Business Days of receipt of notification of the Tax Contest from the Purchaser or indicate that they do not wish any such action to be taken, the Purchaser will be free to pay or settle the Tax Contest or take such other action in connection therewith as it may in its absolute discretion decide. If they so request in writing, the Sellers will have the right, at their own expense, to control the conduct of such Tax Contest; provided, however, that, in such case, the Sellers (i) will obtain the prior written consent of the Purchaser to the appointment of any professional advisers (such consent not to be unreasonably withheld or delayed); (ii) will keep the Purchaser fully and promptly informed of all matters pertaining to a Tax Contest and provide the Purchaser with all correspondence and notes or other written records of telephone conversations or meetings; (iii) will submit to the Purchaser in draft all material written communications pertaining to a Tax Contest for its approval and will only transmit such communications if such approval is given (such approval not to be unreasonably withheld or delayed), and (iv) will not make any settlement or compromise of the Tax Contest or agree any matter in the conduct of the Tax Contest which is likely to affect the amount of any Taxes subject of the Tax Contest or the future liability to Taxes of any Purchaser Affiliate without the approval of the Purchaser (such approval not to be unreasonably withheld or delayed).

(e) To the extent not inconsistent with the provisions of this Section 9.2, the procedures of Article 8 will apply in the case of any claim for Losses related to Taxes.

Section 9.3 Section 338 Elections.

(a) Seller U.S. and Purchaser will join in making an election under Section 338(h)(10) of the Code (and any corresponding elections under applicable Law) (collectively, a "Section 338(h)(10) Election") with respect to the purchase and sale of the stock of Cinch U.S. Seller will pay any Tax attributable to the making of the Section 338(h)(10) Election. The Parties agree to allocate the aggregate of that portion of the Purchase Price allocated to Cinch U.S. pursuant to Section 2.6 and the liabilities of Cinch U.S. among the assets in accordance with Sections 338 and 1060 of the Code as mutually agreed to by the Parties within one hundred and eighty (180) days following the Closing Date. All such mutually agreed to allocations will be used by each Party in preparing any filings required pursuant to Sections 338 and 1060 of the Code or any similar provisions of state or local Law and all relevant Tax Returns, subject to adjustment to reflect the adjustment to the Purchase Price provided for in Section 2.3 of this Agreement. Neither Purchaser nor Seller U.S. will take any position before any taxing authority or in any judicial proceeding that is inconsistent with such mutually agreed to allocations without the prior consent of the other party. The Parties will in good faith exercise reasonable efforts to support such reported allocations in any audit proceedings initiated by any taxing authority.

(b) Seller U.K. agrees that during the period of nine (9) months following the Closing Date it will take all reasonable steps to cooperate with any election under Section 338(g) of the Code (collectively a "Section 338(g) Election") that the Purchaser may choose to make in connection with the acquisition of Cinch U.K.

Section 9.4 Transfer Taxes. All federal, state, provincial, local or foreign or other excise, sales, use, transfer (including real property transfer or gains Taxes and stamp duty on the transfer of the U.K. Shares, but excluding nonresident capital gains and similar Taxes), stamp, documentary, filing, recordation and other similar Taxes and fees that may be imposed or assessed as a result of the transactions contemplated by this Agreement, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties ("Transfer Taxes"), will be borne fifty percent (50%) by Sellers and fifty percent (50%) by Purchaser. Any Tax Returns that must be filed in connection with Transfer Taxes will be prepared by the party primarily or customarily responsible under applicable Law for filing such Tax Returns, and such party will use its reasonable best efforts to provide such Tax Returns to the other party at least ten (10) Business Days prior to the date such Tax Returns are due to be filed. The Purchaser and Sellers will cooperate in the timely completion and filing of all such Tax Returns. Any Transfer Taxes resulting from any subsequent increase in the Purchase Price, as adjusted pursuant to the terms of this Agreement, will be borne in accordance with the provisions of this Section 9.4.

Section 9.5 Cooperation.

(a) The Purchaser, the Acquired Companies, and the Sellers will cooperate fully, as and to the extent reasonably request by the other party, in connection with the filing of Tax Returns pursuant to this Section 9.5 and any audit, litigation or other proceeding with respect to Taxes. Such cooperation will include the retention and (upon the other provide assistance to the other party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Acquired Companies and the Sellers agree (i) to retain all books and records with respect to Tax matters pertinent to the Acquired Companies relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by the Purchaser or the Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (ii) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, i f the other party so requests, the Acquired Companies or the Sellers, as the case may be, will allow the other party to take possession of such books and records.

(b) The Purchaser and the Sellers further agree, upon request, to use their best efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(c) The Purchaser and the Sellers further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to Code §6043, or Code §6043A, or Treasury Regulations promulgated thereunder.

Section 9.6 Tax-Sharing Agreements. All tax-sharing agreements or similar agreements with respect to or involving the Acquired Companies will be terminated as of the Closing Date and, after the Closing Date, the Acquired Companies will not be bound thereby or have any liability thereunder.

ARTICLE 10
EMPLOYEE BENEFITS MATTERS

Section 10.1 Seller Plans. The Sellers, Cinch U.S. and its Subsidiaries will take such actions prior to the Closing as are necessary and appropriate to cause Cinch U.S and its Subsidiaries to cease participation in each and every Company Plan sponsored or maintained by the Sellers or to which any Seller is a party (other than the change of control agreements listed on Section 2.7 of the Seller Disclosure Schedule) ("Seller Plans"). The Sellers will retain and/or assume all liabilities under the Seller Plans from and after the Closing, including any and all liabilities attributable to any current or former employee of any Acquired Company (or any Subsidiaries) (including the Transferred Employees). Neither Cinch U.S. (nor its Subsidiaries) nor the Purchaser will be treated as assuming any Seller Plan or any liabilities under any Seller Plan. The Sellers will cause the accounts or benefits of each Transferred Employee under the Cinch U.S. 401(k) and Retirement Account Plan (the "U.S. Savings Plan"), to be fully vested as of the Closing. The Sellers will take such actions as are necessary or appropriate to permit Transferred Employees to receive a distribution of their benefits under the U.S. Savings Plan in connection with the consummation of the transactions contemplated by this Agreement and will cause Transferred Employees to receive the benefits of the Sellers' matching and/or profit- sharing contributions under such plan(s) through the Closing Date without regard to any requirement that such Transferred Employees be employed on the last day of the plan year or satisfy other service requirements. The Sellers will allow Transferred Employees who have taken loans under the U.S. Savings Plan to elect either to rollover their loans in kind to another plan or continue to pay off the loans in accordance with the existing terms of the loan, the terms of the U.S. Savings Plan and applicable Laws.

Section 10.2 Defined Contribution Plan — U.K. Effective as of the Closing Date, the Employees will continue to participate in the Stakeholder Scheme.

Section 10.3 Welfare Arrangements. With respect to the Company Plans maintained by the Sellers and set forth on Section 10.3 of the Seller Disclosure Schedule (the "Welfare Plans"), the Purchaser agrees to designate or establish, effective as of the Closing, one or more benefit plans, programs or arrangements for the purpose of providing such benefits to Transferred Employees. The Purchaser will cause such benefit plans, programs or arrangements to (i) waive any preexisting condition limitations for conditions covered under the applicable Welfare Plans available to the Transferred Employees immediately prior to the Closing and any applicable waiting periods, and (ii) credit Transferred Employees with any deductible and out-of-pocket expenses incurred by such employees and their dependents under the Welfare Plans during the portion of the current year preceding the Closing Date for purposes of satisfying any applicable deductible or out-of-pocket requirements under any similar plan, program or arrangement in which such employees may be eligible to participate after the Closing Date to the same extent as such expenses are taken into account for the benefit of similarly situated employees of the Purchaser. With respect to aggregate lifetime maximum benefits available under the Purchaser's welfare benefit plans, a Transferred Employee's prior claim experience under any of the Welfare Plans will not be taken into account. Effective as of the Closing Date, the Transferred Employees (and their dependents) will no longer participate in the Welfare Plans and the Sellers will have taken all such action prior to the Closing Date as may be required to achieve this result. Notwithstanding anything contained in this Agreement to the Contrary, the Purchaser will have no obligation to provide any employee benefit plan, program, policy or fringe benefit after the Closing Date, and the Purchaser retains and reserves the right to amend, modify or terminate any such plan, program, policy or fringe benefit at any time. Nothing herein expressed or implied will confer or is intended to confer upon any Transferred Employee, beneficiary or legal representative thereof, any rights or remedies, including, without limitation any right to employment, or continued employment for any specified period of time, of any nature or kind whatsoever under or by reason of this Agreement.

Section 10.4 Indemnity. Subject to the other terms of this Agreement (including, without limitation, Section 2.7 *(Change of Control Costs)* and Section 8.1 *(Indemnification by Sellers))*, from and after the Closing, the Purchaser will indemnify and hold harmless the Seller Indemnified Parties against all Losses arising or resulting from (a) any Company Plan maintained or sponsored directly by any Acquired Company that transfers with the Acquired Companies by operation of Law, (b) any claim with respect to any Company Plan which transfers in whole, or in part, by operation of this Article 10, (c) any claim made by any Transferred Employee against the Sellers or any of its Affiliates for any severance or termination benefits pursuant to the provisions of any Company Plan or any applicable Law, (d) any suit or claim of violation brought against the Sellers or any of its Affiliates under WARN Act for any actions taken by the Purchaser on or after the Closing Date with respect to any facility, site of employment, operating unit or Transferred Employee, and (e) any failure of the Purchaser to discharge its obligations under this Article 10.

Section 10.5 COBRA. The Sellers will be responsible for providing the notices and making available health care continuation coverage, as required by Sections 601 *et seq.* of ERISA and COBRA, for all of the Employees of Cinch U.S. and its Subsidiaries (and their respective covered dependents) whose qualifying events (as defined under COBRA) occur prior to the Closing Date. The Purchaser will be responsible for providing the notices and making available health care continuation coverage, as required by Sections 601 *et seq.* of ERISA and COBRA, for all of the Employees of Cinch U.S. and its Subsidiaries (and their respective covered dependents) whose qualifying events (as defined under COBRA) occur on or after the Closing Date.

Section 10.6 Defined Benefit Plan — U.K.

(a) Prior to the Closing, the Sellers will, and will cause Cinch U.K. to, use their commercially reasonable efforts to cause Seller U.K. or one of its Affiliates, to assume all liabilities under the Main Scheme on and after Closing and, without limiting the generality of this provision, the Sellers will, and will cause Cinch U.K. to, pursue, and use their commercially reasonable efforts to expedite the completion of, a scheme of apportionment arrangement transferring the Main Scheme's liabilities to Seller U.K. or one of its Affiliates.

(b) The Sellers will request a letter or deed of discharge from the Trustees of the Main Scheme for the benefit of Cinch U.K. in substantially the same terms as follows: *"The Trustees confirm that, further to the payment of the scheme apportionment arrangement share (£1) by Cinch Connectors Limited to the Trustee in accordance with the scheme apportionment arrangements, Cinch Connectors Limited has no further liability to the Main Scheme, whether under the Main Scheme Rules, applicable legislation or otherwise, and that Cinch Connectors Limited has ceased to be an Employer under the Main Scheme Rules and an employer for the purposes of Part 3 of the Pensions Act 2004 and section 75 of the Pensions Act 1995 and, in either case, regulations made thereunder."*

Section 10.7 Indemnity — Sellers.

(a) For a period of twenty-five (25) years from and after the completion of the Transfer of the Main Scheme, the Sellers will, jointly and severally, indemnify and hold harmless the 10.7 Indemnified Parties from and against any and all Losses incurred by a 10.7 Indemnified Party arising in relation to the Main Scheme. It is agreed and understood by the parties that, for the purposes of the indemnification obligations set forth in this Section 10.7, "Losses" will:

(i) not include any payments to be made to participants in the Main Scheme that are covered by assets held by the Main Scheme;

(ii) include all of Cinch U.K.'s liabilities and costs arising in respect of the Main Scheme (including, for the avoidance of doubt, any debt under section 75 of the Pensions Act 1995 which becomes payable by Cinch U.K.); and

(iii) include any liability of a Section 10.7 Indemnified Party under a Contribution Notice or the requirements of a Financial Support Direction in relation to the Main Scheme.

(b) Notwithstanding the terms of Section 10.7(a), the Purchaser agrees that, in the event any 10.7 Indemnified Parties incur any Losses for which the Sellers would be obligated to make indemnification payments pursuant to this Section 10.7, then the Purchaser will, and will cause the Indemnified Parties to, (i) promptly notify the Sellers after it has received notice or otherwise learns of an assertion that may lead to such Losses, (ii) provide the Sellers the opportunity to mitigate or cure such Losses for a period not to exceed ten (10) days after the incurrence of the subject Losses and (iii) cooperate with the Sellers in connection with any attempts to mitigate or cure such Losses during such period.

(c) For purposes of this Agreement:

(i) "10.7 Indemnified Parties" shall include all Purchaser Indemnified parties as well as any Connected Person.

(ii) "Connected Person" means a person who, as at any time, is both (A) associated with, or connected to, Cinch U.K. or any other person who has at any time participated in the Main Scheme and (B) associated with, or connected to, the Purchaser, for the purposes of section 249 and/or section 435 of the Insolvency Act 1986.

(iii) "Contribution Notice" has the meaning given in section 38 of the Pensions Act 2004.

(iv) "Financial Support Direction" has the meaning given in section 43 of the Pensions Act 2004.

ARTICLE 11
GENERAL PROVISIONS

Section 11.1 Notices. All notices and other communications under this Agreement must be in writing and are deemed duly delivered when (a) delivered if delivered personally or by nationally recognized overnight courier service (costs prepaid), (b) sent by facsimile with confirmation of transmission by the transmitting equipment (or, the first Business Day following such transmission if the date of transmission is not a Business Day) or (c) received or rejected by the addressee, if sent by U.S. certified or registered mail, return receipt requested; in each case to the following addresses or facsimile numbers and marked to the attention of the individual (by name or title) designated below (or to such other address, facsimile number or individual as a party may designate by notice to the other parties):

If to the Sellers or a Company:

Safran USA, Inc.
2850 Safran Drive
Grand Prairie, Texas 75052
Facsimile: (972) 606-7114
Attention: General Counsel

with copies to (which will not constitute notice) to:

Safran SA
2, Boulevard du General Martial Valin
75724 Paris Cedex 15
Facsimile: +33 (0) 1 4060 8103
Attention: General Counsel

Baker & McKenzie LLP One
Prudential Plaza
130 E. Randolph Street
Chicago, Illinois 60601
United States of America
Facsimile: (312) 698-2244
Attention: Michael F. DeFranco, Esq.

If to the Purchaser:

Bel Fuse Inc.
206 Van Vorst Street
Jersey City, New Jersey 07302
Facsimile: (201) 432-9542
Attention: Daniel Bernstein, President and Chief Executive Officer

with a copy (which will not constitute notice) to:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: (973) 597-2351 and (973) 597-2573
Attention: Peter H. Ehrenberg, Esq. and Nicholas San Filippo IV, Esq.

Section 11.2 Amendment. Except as contemplated by Section 5.4, this Agreement may not be amended, supplemented or otherwise modified except in a written document signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

Section 11.3 Waiver and Remedies. The parties may (a) extend the time for performance of any of the obligations or other acts of any other party to this Agreement, (b) waive any inaccuracies in the representations and warranties of any other party to this Agreement contained in this Agreement or (c) waive compliance with any of the covenants or conditions for the benefit of such party contained in this Agreement. Except as contemplated by Section 5.4: (i) any such extension or waiver by any party to this Agreement will be valid only if set forth in a written document signed on behalf of the party or parties against whom the extension or waiver is to be effective; (ii) no extension or waiver will apply to any time for performance, inaccuracy in any representation or warranty, or noncompliance with any covenant or condition, as the case may be, other than that which is specified in the written extension or waiver; and (iii) no failure or delay by any party in exercising any right or remedy under this Agreement or any of the documents delivered pursuant to this Agreement, and no course of dealing between the parties, operates as a waiver of such right or remedy, and no single or partial exercise of any such right or remedy precludes any other or further exercise of such right or remedy or the exercise of any other right or remedy. Except as provided in Section 5.4 any enumeration of a party's rights and remedies in this Agreement is not intended to be exclusive, and a party's rights and remedies are intended to be cumulative to the extent permitted by law and include any rights and remedies authorized in law or in equity.

Section 11.4 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto and the documents and instruments referred to in this Agreement that are to be delivered at the Closing) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements or representations by or among the parties, or any of them, written or oral, with respect to the subject matter of this Agreement. Notwithstanding the foregoing, the Confidentiality Agreement will remain in effect in accordance with its terms as modified pursuant to Section 5.6.

Section 11.5 Assignment, Successors and No Third Party Rights. This Agreement binds and benefits the parties and their respective successors and assigns, except that no party may assign any rights under this Agreement, whether by operation of law or otherwise, without the prior written consent of the other parties. No party may delegate any performance of its obligations under this Agreement, except that the Purchaser may at any time delegate the performance of its obligations (other than the obligation to pay the Purchase Price) to any Affiliate of the Purchaser so long as the Purchaser remains fully responsible for the performance of the delegated obligation. Nothing expressed or referred to in this Agreement will be construed to give any Person, other than the parties to this Agreement, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement except such rights as may inure to a successor or permitted assignee under this Section 11.5.

Section 11.6 Severability. If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force and effect, if the essential terms and conditions of this Agreement for each party remain valid, binding and enforceable.

Section 11.7 Exhibits and Schedules. The Exhibits and Schedules to this Agreement are incorporated herein by reference and made a part of this Agreement. The Seller Disclosure Schedule and the Purchaser Disclosure Schedule are arranged in sections and paragraphs corresponding to the numbered and lettered sections and paragraphs of Article 3 and Article 4, respectively. The disclosure in any section or paragraph of the Seller Disclosure Schedule or the Purchaser Disclosure Schedule, and those in any amendment or supplement thereto, will be deemed to relate to each other provision of Article 3 or Article 4, respectively, if the relationship to such other provision(s) is readily apparent on the face of the Seller Disclosure Schedule or the Purchaser Disclosure Schedule, as the case may be.

Section 11.8 Interpretation. In the negotiation of this Agreement, each party has received advice from its own attorney. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no provision of this Agreement will be interpreted for or against any party because that party or its attorney drafted the provision.

Section 11.9 Expenses. Except as otherwise set forth in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, each party will pay its own direct and indirect expenses incurred by it in connection with the preparation and negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement, including all fees and expenses of its advisors and representatives.

Section 11.10 Governing Law. Unless any Exhibit or Schedule specifies a different choice of law, the internal laws of the State of New York (without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any other jurisdiction) govern all matters arising out of or relating to this Agreement and its Exhibits and Schedules and the transactions contemplated by this Agreement, including its validity, interpretation, construction, performance and enforcement and any disputes or controversies arising therefrom or related thereto.

Section 11.11 Limitation on Liability. Notwithstanding any other provision of this Agreement to the contrary, in no event will any party or any of its Affiliates be liable for any special, incidental, indirect, exemplary, punitive or consequential damages (including lost profits, loss of revenue or lost sales) in connection with any claims, losses, damages or injuries arising out of the conduct of such party pursuant to this Agreement regardless of whether the nonperforming party was advised of the possibility of such damages or not.

Section 11.12 Specific Performance. The parties agree that irreparable damage would occur in the event that all conditions to the relevant provisions of Sections 2.4 and 2.5 of this Agreement were satisfied but not performed by Purchaser or the Sellers, as the case may be (the "Non-Performing Party"), in accordance with their specific terms or were otherwise breached by the Non-Performing Party. The parties accordingly agree that, prior to any termination of this Agreement pursuant to Section 7.1, in addition to any other remedy to which a party may be entitled at law or in equity, the Purchaser or the Sellers, as the case may be (the "Performing Party"), will be entitled to injunctive relief to prevent breaches of Sections 2.4 and 2.5 of this Agreement by the Non-Performing Party and otherwise to enforce specifically such provisions of this Agreement. The Non-Performing Party expressly waives any requirement that the Performing Party obtain any bond or provide any indemnity in connection with any action seeking injunctive relief or specific enforcement of the provisions of this Agreement pursuant to this Section 11.12.

Section 11.13 Dispute Resolution.

(a) Any claims or disputes arising out of or in connection with this Agreement that cannot be amicably resolved by the parties will be exclusively and finally settled by binding, confidential arbitration. The arbitration will be conducted under the auspices of the International Chamber of Commerce International Court of Arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce in effect at the time of the arbitration, except as they may be modified herein or by mutual written agreement of the parties. The arbitration tribunal will be composed of one (1) expert arbitrator as appointed in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The seat of the arbitration will be New York, New York, US, and the arbitral proceedings will be conducted in the English language. Any award of the arbitral tribunal may be entered into judgment and enforced by any court having jurisdiction. The parties hereby agree and acknowledge that the arbitration award granted in accordance with this Section 11.13 will be final, binding and conclusive upon the parties.

(b) Nothing in this Agreement will prevent either party from resorting to judicial proceedings for the limited purpose of seeking a preliminary injunction, specific performance or other equitable remedy to preserve the status quo and bar further breaches of this Agreement. To this extent, the parties irrevocably consent to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and hereby waive any objection to personam jurisdiction or venue of any such court, including, without limitation, that any such action has been brought in an inconvenient forum. In addition, resort by either party to negotiation, mediation or arbitration pursuant to this Agreement will not be construed under the doctrine of laches, waiver or estoppel to affect adversely the rights of either party to pursue any such judicial relief; provided, however, that irrespective of the filing of any such request for judicial relief the party will continue to participate in the dispute resolution proceedings required by this Section 11.13. Any negotiation or mediation which takes place pursuant to this Agreement will be confidential and will be treated as a compromise and settlement negotiation for purposes of the Federal Rules of Evidence and State Rules of Evidence.

Section 11.14 No Joint Venture. Nothing in this Agreement creates a joint venture or partnership between the parties. This Agreement does not authorize any party (a) to bind or commit, or to act as an agent, employee or legal representative of, another party, except as may be specifically set forth in other provisions of this Agreement, or (b) to have the power to control the activities and operations of another party. Each party agrees not to hold itself out as having any authority or relationship contrary to this Section 11.14.

Section 11.15 Counterparts. The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one (1) agreement. This Agreement is effective upon delivery of one (1) executed counterpart from each party to the other parties. The signatures of all parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending party's signature(s) is as effective as signing and delivering the counterpart in person.

[Signature page follows.]

The parties have executed and delivered this Agreement as of the date indicated in the first sentence of this Agreement.

SAFRAN USA, INC.

By: ______________________________
Name:
Title:

SAFRAN UK LIMITED

By: ______________________________
Name:
Title:

BEL FUSE INC.

By: ______________________________
Name:
Title:

<u>**EXHIBIT - A**</u>

POWER OF ATTORNEY

THIS POWER OF ATTORNEY is made on 2009

by **SAFRAN** UK **LIMITED** of Concorde Way, Segenworth North, Fareham, Hampshire, P015 5RL (the **"Grantor")**

INTRODUCTION:

The Grantor is the registered holder of 5,300,000 ordinary shares of £1 each (the **"Shares")** in the capital of Cinch Connectors Limited (no. 2178707) whose registered office is at Shireoaks Road, Worksop, Nottinghamshire S80 31-IA (the **"Company").**

1. APPOINTMENT

The Grantor appoints any director of Bel Fuse Inc of 206 Van Vorst Street, Jersey City, New Jersey, 07302 USA to be its attorney (the **"Attorney")** to do, subject to clause 3, all or any of the things set out in paragraph 2 of this Power.

2. AUTHORITY

The matters and things referred to in paragraph I are:

2.1 to exercise all voting and other rights attaching to the Shares whether pursuant to the Company's Articles of Association, the Companies Acts 1985 and 2006 (as amended), or otherwise howsoever;

2.2 to execute a form of proxy in favour of such person or persons *as* the Attorney thinks fit to attend and to vote as the Grantor's proxy at any general meeting of the members of the Company in respect of the Shares in such manner as the Attorney may decide;

2.3 to exercise all rights to call for or requisition any such general meeting of the Company;

2.4 to consent to the convening and holding of any such general meeting of the Company and the passing of the resolutions to be submitted at any such meeting on short notice;

2.5 to settle the terms of and consent and agree to any resolutions of the Company dealt with by written resolution whether pursuant to the Company's Articles of Association, the Companies Act 2006 or otherwise howsoever; and

2.6 otherwise executing, delivering and doing all deeds, instruments and acts in the Grantor's name insofar *as* may be done in the Grantor's capacity as registered holder of the Shares

3. LIMITS ON AUTHORITY

The Attorney may not sell, transfer or otherwise dispose of the Shares.

4. RATIFICATION

The Grantor undertakes to ratify and confirm all documents, acts and transactions entered into or done by the Attorney in the exercise or purported exercise of his powers under this Power of Attorney.

5. NATURE OF THIS POWER OF ATTORNEY

This Power of Attorney is a deed and has been executed as a deed.

6. GOVERNING LAW

This Power of Attorney shall be governed by and construed in accordance with English Law. The parties irrevocably agree that the courts of England and Wales shall have non-exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement or its subject matter.

This document is executed as a deed and delivered on the date stated at the beginning of this document.

EXECUTED as a **DEED** by
SAFRAN UK **LIMITED**
acting by [ ] (one of its directors) in the
presence of:

Director

Witness signature______________________________

Name____

Address__________________

____

____

Occupation___________________________________

EXHIBIT - - B

AMENDED AND RESTATED SUPPLY AGREEMENT LTA-CINCH-BF-2009-09

This Amended and Restated Supply Agreement LTA-Cinch-BF-2009-09 (this "Agreement") is made this ___ day of _____________ 20__, by and between Cinch Connectors, Inc., a Delaware corporation ("Cinch") having its principal place of business at 1700 Finley Road, Lombard, Illinois 60148, Labinal, Inc., a Delaware corporation having its principal place of business at 7701 S. Stemmons, Ste. 220, Corinth, Texas 76210-1841 and its affiliate and subsidiary Labinal de Mexico, S.A. de C.V., Washington 3701 Int. Circuito Edificio 38, Chihuahua 31200 Mexico, (hereinafter collectively referred to as "LABINAL").

WHEREAS, Cinch is in the business of designing, manufacturing and selling electronic and electrical connectors.

WHEREAS, Labinal is in the business of designing and manufacturing electrical wire harness assemblies for use in aircrafts.

WHEREAS, pursuant to that certain Supply Agreement LTA-Cinch-BF-2009-09, dated as of September 21, 2009 (the "Original Agreement"), Labinal and Cinch have entered into a business relationship whereby Cinch will provide Labinal with certain products.

WHEREAS, prior to the date hereof, Cinch and Labinal were affiliates of one another.

WHEREAS, pursuant to the terms of that certain Stock Purchase Agreement (the "SPA"), dated as of _____________, 2009, by and among Bel Fuse Inc., Safran USA, Inc. and Safran UK Limited, all of the issued and outstanding capital stock of Cinch has been sold to Bel Fuse Inc. and/or one of its affiliates (the "Transaction").

WHEREAS, as a result of the Transaction, Cinch and Labinal are no longer affiliated and, in connection with the Transaction, Cinch and Labinal now desire to amend and restate the Original Agreement in its entirety, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the sufficiency of which is acknowledged by the parties, the parties hereto agree as follows:

1. PURCHASE OF PRODUCT

1.1 Except as otherwise provided for herein, Cinch shall provide to Labinal and Labinal shall purchase from Cinch all of Labinal's requirements for BACC 45 and BACC 63 series connectors as specified on Exhibit A, which is attached hereto and made a part hereof ("Products"). The price and lead-time for each Product shall be specified adjacent to each part number listed on Exhibit A, and shall be fixed for the Term of this Agreement. The unit pricing shall not exceed the Boeing contract pricing during the same period. Exhibit A shall reflect periodic additions/deletions mutually agreed upon by both parties.

1.2 The parties acknowledge and agree that Labinal will provide Cinch with the opportunity to produce and provide to Labinal, all of Labinal's requirements for any BACC 63 series connectors not otherwise included herein.

1.3 Notwithstanding the provisions in Section 1.1 above, subject to Section 8.1 below, Labinal may elect to purchase certain part numbers of the Product from a different source other than Cinch in the event that (i) any of the below events occur and (ii) solely in the case of Section 1.3.3 or 1.3.4, are continuing for a period of thirty (30) days after Cinch is provided with notice of Labinal's intent to purchase certain part numbers of the Product from a different source as a result of such event:

1.3.1 Cinch is no longer qualified by Boeing to manufacture and sell such part numbers; provided, however, that (i) Labinal shall advise Cinch in writing within five (5) days of becoming aware that Cinch is so no longer qualified, (ii) Labinal shall use its commercially reasonable efforts to persuade Boeing to so qualify Cinch to manufacture and sell such part numbers, and (iii) Labinal shall cooperate and consult with Cinch to allow Cinch the opportunity to satisfy any concerns Boeing may have. This exception to the requirements provision in section 1.1 above shall apply only to those part numbers for which Cinch is no longer qualified by Boeing to manufacture.

1.3.2 Boeing has requested Labinal in writing to purchase certain part numbers of the Product from a source other than Cinch; provided, however, that (i) Labinal shall advise Cinch in writing within five (5) days of such request by Boeing, (ii) Labinal shall use its commercially reasonable efforts to persuade Boeing to withdraw any such request, (iii) Labinal shall cooperate and consult with Cinch to allow Cinch the opportunity to satisfy any concerns Boeing may have.

1.3.3 Cinch fails to meet contractual lead times for a particular part number (defined as failing to meet contractual lead times for a particular part number >5% of the time over the course of a month, lead time being defined as the time to produce and deliver to Cinch's dock, from the date of reception of Labinal's order by Cinch) for more than 3 calendar months in a row, provided that Cinch has received prompt written notice from Labinal upon such occurrence. Such failure to adequately perform shall also constitute a "breach" under Section 13.2(iii) below.

1.3.4 Cinch continuously provides products of a defective quality, defined as 12 month rolling ppm > 700 ppm for 3 months in a row, or poor on-time delivery performance, defined as monthly on-time delivery <95% for 3 months in a row; provided that Cinch has received prompt written notice from Labinal upon the occurrence of (i) the 12 month rolling ppm exceeding 400 ppm and/or (ii) the monthly on-time delivery falling below 97%. Such failure to adequately perform shall also constitute a "breach" under Section 13.2(iii) below.

1.4 VALUE ENGINEERING

Cinch is encouraged to develop, prepare and submit value engineering change proposals (VECP's). These proposals may include proposed changes to drawings, designs, specifications, or other requirements, provided that such changes do not impair any essential functions or characteristics of the Products, that (1) decrease Cinch's performance costs or (2) produce a net reduction in the cost to Labinal of installations, operation, maintenance or production of the Product.

Proposals shall be submitted to Labinal's purchasing representative, however, Labinal shall not be liable for any delay in action upon a proposal. Labinal's decision to accept or reject any proposal shall be final. If there is a delay and the net result in savings no longer justifies the investment, Cinch will not be obligated to proceed with the change.

Cinch has the right to withdraw, in whole or in part, any proposal not accepted by Labinal within the time period specified in the proposal. Cinch shall submit, as a minimum, the following information with the proposal:

1. description of the difference between the existing requirement and the proposed change, and the comparative advantages and disadvantages of each;

2. the specific requirements which must be changed if the proposal is adopted; and,

3. the cost savings and Cinch's implementation costs.

Each proposal shall include the need dates for engineering release and the time by which a proposal must be approved so as to obtain the maximum cost reduction.

Labinal may accept, in whole or in part, any proposal by issuing a change order. Until such change order has been issued, Cinch shall remain obligated to perform in accordance with the terms and requirements of the original Purchase Order as written.

Labinal and Cinch shall share the savings as follows:

- 50% of the savings to Labinal;
- 50% of the savings to Cinch.

Cinch shall include with each proposal verifiable cost records and other data for proposal review and analysis. Labinal shall issue a change order, and the unit price shall be reduced in an amount equal to the savings portion attributable to Labinal as set forth above.

2. **ORDERING AND PAYMENT**

2.1 Cinch and Labinal agree to negotiate a mutually agreeable Consignment and Min/Max agreement for certain of the Products covered by this agreement.

2.2 Labinal shall issue to Cinch a purchase order either in tangible format or electronically which shall specify the Products ordered, the quantity thereof, the delivery dates and all other information, including special instructions, relating to the order. Such Purchase Order shall reference this Agreement and shall incorporate by such reference the terms and conditions and prices as provided for herein.

2.3 All Products shall be invoiced to Labinal by Cinch at the time of actual shipment to Labinal. The full amount of any invoice shall be paid in U.S. currency within Forty five (45) days following the receipt of the product by Labinal.

2.4 Parts managed under the Consignment program will be paid Thirty (30) days net date of inventory pull.

2.5 Except as otherwise provided, associated freight expenses and duties for Products shipped under the Vendor Managed Inventory (Min Max and Consignment) shall be paid directly by Cinch. Labinal shall pay all associated freight expenses and duties for all Products Ordered outside the Vendor Managed Inventory (Min Max and Consignment) with the exception of expedited freight for which costs will be paid by Cinch if Cinch is not in compliance with the contractual lead-times referenced in Exhibit A.

3. SHIPMENT AND DELIVERY

3.1 Each delivery of the Products shall be initiated by a written or electronic purchase order ("Purchase Order") issued to Cinch. Each Purchase Order shall specify the date on which the Products must be received at Labinal (the "Delivery Date") which shall be no sooner than the lead times as specified for each Product on Exhibit A. Cinch will use its commercially reasonable efforts to accommodate the requests for parts within lead-times which are less than those established in Exhibit A.

3.2 An order shall be deemed to have been placed as of the date of Cinch's receipt of the Purchase Order.

3.3 Labinal may, without charge, postpone, decrease, increase or cancel any Purchase Order by prior notice to Cinch, provided such advance notice to Cinch is at least equal to the lead time for the affected Products, as specified on Exhibit A.

In the event that Labinal postpones, decreases, or cancels a Purchase Order after the lead time period specified has begun, Cinch shall be entitled to be reimbursed by Labinal for all actual costs incurred by Cinch as a direct result of such postponement, decrease, or cancellation which are not recoverable by:

(a) The shipment of the Products affected to other parties within a reasonable period of time; or

(b) The exercise by Cinch, in a commercially reasonable manner, of other mitigation measures.

3.4 Exhibit A specifies the lead-time for the shipment of the Products to Labinal after Cinch's receipt of a Purchase Order. This lead-time is exclusive of transit time.

3.5

3.5a-All Shipments for parts managed under the Vendor Managed Inventory (Min Max and Consignment) shall be delivered DDU to Labinal location, with title to Products released hereunder and risk of loss or damage passing from Cinch to Labinal upon Cinch's delivery of the Products to Labinal's Location.

3.5b-All parts managed outside of the Vendor Managed Inventory program (Min Max and Consignment) shall be delivered EXW Cinch location and in that latter case title to Products released hereunder and risk of loss or damage shall pass from Cinch to Labinal upon Cinch's delivery of the Products to Labinal's Carrier, subject to the provisions of Section 3.6 below.

3.6 Cinch shall preserve, package, handle and pack the Products so as to protect the Products from loss or damage, in conformance with good commercial practice for similar products, Labinal specifications, government regulations and other applicable standards.

3.7 Each delivery of Products to the Labinal location shall include a packing list that contains at least the following information:

(a) the Purchase Order number;

(b) the Cinch or Boeing part number, including revision level; and

(c) the quantity of Product shipped.

3.8 Replenishment of parts elected to participate to the Min/Max — Consignment replenishment system will be managed under the specific agreement between Cinch and Labinal pertaining to Vendor Managed Inventory.

4. ORDER QUANTITIES

4.1 During the term of this Agreement Labinal shall purchase from Cinch, and Cinch shall supply to Labinal, subject to the terms and conditions set forth herein, all of Labinal's requirements for the Products, including any amendments thereto, at the prices indicated on Exhibit A as may be amended from time to time. The minimum order quantity (MOQ) will be as follows:

a. Discrete purchase orders for all part numbers with less than 25 piece EAU will have a 15 piece MOQ

b. Discrete purchase orders for all parts with 25 pieces or larger EAU will have a 25 piece MOQ.

4.2 Labinal shall, on a periodic basis, deliver to Cinch a written estimate of Labinal's requirements and its anticipated required delivery dates as defined by the Labinal MRP system.

4.3 It is acknowledged and agreed by the parties hereto that Labinal's obligation to purchase the Products is strictly limited to its requirements for products during the term of this Agreement, as contemplated by Section 1.3.2 above, and, further, that Labinal does not, nor can it, guarantee any minimum-quantity purchase of the Products.

5. WARRANTY

5.1 Cinch warrants that the Products sold to Labinal hereunder will be free from defects in material and workmanship furnished by Cinch and will conform, within normal commercial tolerances, to applicable specifications. This warranty shall apply only where Labinal has given Cinch written notice of such defect or nonconformity within thirty-six (36) months after delivery of the products by Cinch. The warranty does not extend to any Product which has been subjected to abuse, misuse, neglect or accident, nor to any Product which has been repaired or altered by other than Cinch. Cinch's liability for defective or non conforming Products, whether based on breach of warranty, negligent manufacture or product liability, is exclusively limited to repair or replacement, at Cinch's election, of such Products. Cinch assumes no risk and shall be subject to no liability for any damages or loss resulting from the specific use or application made of the Products. The foregoing warranty is Labinal's exclusive remedy and in lieu of all other warranties, express or implied, including, without limitation, merchantability, fitness for a particular use or purpose, description, quality, productiveness, or otherwise. In no event shall Cinch be liable for any special, incidental or consequential damages (including, without limitation, cover, loss of use, loss of profit and claims of third parties) howsoever based, whether in negligence, tort, breach of warranty or breach of contract by Cinch or otherwise. Any other representation or warranty is expressly disclaimed.

6. RETURN OF PRODUCTS

6.1 All Products returned by Labinal to Cinch, including non-complying Products as defined in Section 7.1 below, shall be accompanied by a return materials authorization ("RMA"). Unless further verification is reasonably required by Cinch, Cinch shall supply an RMA within five (5) business days after Labinal's request for the return of non-complying and other returns of Products. If further verification is required, the RMA shall be supplied by Cinch within ten business days after receipt of the appropriate verification from Labinal, If Cinch fails to timely provide the RMA after appropriate verification has been provided by Labinal, Labinal may return the Product(s) without an RMA.

6.2 All non-complying Products, returned by Labinal to Cinch and all replacement or reworked Products shipped by Cinch to Labinal to replace non-complying Products shall be at Cinch's expense, including transportation charges.

7. NON-COMPLYING PRODUCTS

7.1 If any Product is defective or otherwise not in conformity with the requirements of this Agreement or of any Purchase Order (collectively "Non-complying Product"), Labinal may, subject to the provisions of Section 7.2 below, return the Non-complying Product for replacement or reworking at Cinch's option and expense.

7.2 Cinch shall ship the replacement or reworked Product as soon as possible but in no event later than fifteen (15) business days after receipt of the Non-complying Product from Labinal. Labinal may elect, in its sole discretion, to purchase replacement Product from other sources until such time as Cinch notifies Labinal that Cinch is able to replace Product, provided however, that Cinch and Labinal shall use commercially reasonable efforts to discuss Labinal's requirements of Products to satisfy customer needs in the meantime, and Labinal shall not purchase from alternate suppliers replacement Products in excess of the minimum amount necessary to maintain continuity of supply to its customers (it being agreed and understood that, if Cinch and Labinal do not agree on such minimum amount, Labinal, acting in good faith, shall have final decision making authority so long as such determination is based upon, and supported by, ordinary course customer demand/forecast reports).

8. CONTINGENCIES

8.1 Cinch shall not be liable for, nor shall Labinal exercise any right to terminate this Agreement or purchase Products from a source other than Cinch as a result of, any delay in performance under this Agreement caused by an act of God or any other cause beyond Cinch's control and without Cinch's fault or negligence (collectively "Delaying Cause"). Cinch shall, in the event of a Delaying Cause, to the extent practicable, provide notice to Labinal of the Delaying Cause within ten (10) days of occurrence. In the event of a Delaying Cause that precludes Cinch from performing hereunder that continues for twenty 20 days or more, Labinal may elect, in its sole discretion, to purchase replacement product from other sources until such time as Cinch notifies Labinal that Cinch is able to perform hereunder; provided, however, that while such Delaying Cause is occurring Cinch and Labinal, to the extent practicable, shall use commercially reasonable efforts to meet weekly to discuss Labinal's requirements of Products to satisfy customer needs and Labinal shall not purchase from alternate suppliers replacement Products in excess of the minimum amount necessary to maintain continuity of supply to its customers (it being agreed and understood that, if Cinch and Labinal do not agree on such minimum amount, Labinal, acting in good faith, shall have final decision making authority so long as such determination is based upon, and supported by, ordinary course customer demand/forecast reports).

9. SUPPLY CHAIN LOGISTICS

9.1 Cinch and Labinal agree to meet periodically, as agreed between the parties, to discuss, address and implement supply chain initiatives with an overall goal of optimizing the supply chain for both companies.

10. NOTICES

10.1 All notices, requests and other communications hereunder shall he in writing and shall be deemed to have been duly given at the time of receipt if delivered by hand or communicated by electronic transmission, one (1) day after being sent by an overnight delivery service, properly addressed and postage prepaid, or if mailed, five (5) days after mailing certified mail, return receipt requested.

10.2 Any notice sent to Labinal or Cinch pursuant to this Agreement shall be sent to the address specified in the preamble to this Agreement.

10.3 Either party may change its address for purposes of notice by giving notice to the other party.

11. FORECASTS AND CONFIDENTIAL INFORMATION

11.1 Neither Cinch nor Labinal shall disclose to any person or entity, other than its employees, parent organizations, lenders, professional advisors and agents who have a need to know and have executed an agreement imposing the same restrictions and obligations as imposed by this Section 11, any confidential information, whether written or oral, which it may obtain from the other or otherwise discover in the performance of this Agreement. As used in this Section 11, the term "confidential information" shall include, without limitation:

(a) all information or data concerning or related to the Products (including the discovery, invention, research, improvement, development, manufacture or sale of the Products) or business operations (including sales costs, profits, pricing methods, organizations, employee lists and processes);

(b) all forecasts for production, support or service requirements submitted by Labinal pursuant to this Agreement ("Forecast");

(c) all Labinal property of a confidential nature.

11.2 Without limiting the generality of Section 11.1 above, each party shall maintain all confidential information in strict confidence. Each party shall take all reasonable steps to ensure that no unauthorized persons or entity has access to confidential information and that all authorized persons having access to confidential information refrain from any unauthorized disclosure.

11.3 All written Forecasts or those communicated in computer-readable format shall be clearly marked by Labinal as a Forecast and as confidential and proprietary. Any oral Forecasts shall be reduced by Labinal to writing or computer-readable format within thirty (30) days of disclosure to Cinch.

11.4 With respect to each Forecast, the obligations imposed by this Section 11 shall continue in full force and effect for a period of one (1) year from the date of the Forecast. regardless of whether this Agreement is earlier terminated. With respect to other confidential information, the provisions of this Section 11 shall continue indefinitely regardless of the termination of this Agreement.

11.5 The provisions of this Section 11 shall not apply to any information that:

(a) is rightfully known to either party prior to disclosure;

(b) is rightfully obtained from any third party without any breach of obligation of confidentiality;

(c) is made available to the public without restrictions; or

(d) is disclosed with the prior written approval of the provider.

12. ASSIGNMENT

12.1 Neither Labinal nor Cinch shall delegate any duties or assign any rights or claims under this Agreement without the prior written consent of the other party. Any such attempted delegation or assignment shall be void. Notwithstanding the foregoing, such consent to an assignment shall not be required in the event that either party is acquired, either in whole or in part, by a third party (including in the event of a party's sale or transfer of a relevant manufacturing or production facility to a third party).

13. TERM AND TERMINATION

13.1 This Agreement shall be effective for the period commencing on January 1st, 2010 and continuing until the earlier of the effective date of any notice of termination given in accordance with Section 13.2 below or December 31, 2014.

13.2 Subject to Section 8.1, this Agreement may be terminated by either party with such termination having immediate effect, upon written notice to the party in breach if said party has committed a material breach of this Agreement. For purposes of this Section 13.2, the term "material breach" shall include, but not be limited to, those events where: (i) such party becomes insolvent or is unable to pay its debts as they become due, makes an assignment for the benefit of its creditors or files a petition of insolvency or bankruptcy; (ii) a receiver or liquidator is appointed for such party's assets, or a petition in any insolvency, bankruptcy, or similar proceeding is filed against such party; (iii) either party commits a breach of any of its obligation or covenants under this Agreement and fails to cure such breach within thirty (30) days following its receipt of a written notice from the other party advising of such breach.

13.3 Upon the expiration or termination of this Agreement, the terms and conditions contained herein shall apply to all Purchase Orders previously transmitted by Labinal to Cinch and to all Products shipped there under.

14. OTHER

14.1 This Agreement takes precedence over Cinch's or Labinal's additional or different terms and conditions, to which objection is hereby made by the other party. The parties' contract with regard to the Products is limited to the terms and conditions of this Agreement.

14.2 This Agreement comprises the entire understanding between the parties with respect to the subject matter contained herein and supersedes any previous communications, representations or agreements, whether oral or written, with respect to the subject matter of this Agreement. No modification of this Agreement shall be binding on either party unless in writing and signed by an authorized representative of each party.

14.3 In the event of any conflict between the provisions of this Agreement and any Purchase Order or exhibit, the order of precedence is as follows:

(a) this Agreement, and
(b) any instructions written on the face of the Purchase Order.

14.4 The waiver of any term, condition or provision of this Agreement by Labinal or Cinch must be in writing. No such waiver shall be construed as a waiver of any other term, condition or provision except as provided in writing, nor as a waiver of any subsequent breach of the same term, condition or provision.

14.5 This Agreement shall be interpreted and governed in all respects by the laws of the State of New York without reference to its conflicts of laws provisions.

14.6 All references in this Agreement to "days" shall, unless otherwise specified, mean calendar days.

14.7 The section headings used in this Agreement are for convenience or reference only. They shall not limit or extend the meaning of any provision of this Agreement, and they shall not be relevant in interpreting any provision of this Agreement.

14.8 The provisions contained in the present contract will apply to MATIS Aerospace, Technopole de Nouasser B.P. 98 - Aeroport Mohammed V Casablanca, MAROC.

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Agreement on the day and in the year first above written.

Labinal, Inc.	Cinch Connectors, Inc.
By: ______________________	By: ______________________
Name:	Name:
Title:	Title:

EXHIBIT 10.9

THIRD AMENDMENT TO CREDIT AND GUARANTY AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AND GUARANTY AGREEMENT (hereinafter referred to as this "Third Amendment") is made as of the 29th day of January, 2010, by and among

BEL FUSE INC., a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, having an address located at 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as the "Borrower"),

AND

BEI, VENTURES INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Ventures"),

AND

BEL POWER INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Massachusetts, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Power"),

AND

BEL TRANSFORMER INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Transformer"),

AND

BEL CONNECTOR INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Bel Connector"),

AND

CINCH CONNECTORS, INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, having an address located at c/o Bel Fuse Inc., 206 Van Vorst Street, Jersey City, New Jersey 07302 (hereinafter referred to as "Cinch Connectors", and hereinafter Bel Ventures, Bel Power, Bel Transformer, and Bel Connector shall be collectively referred to as the "Original Guarantors", and hereinafter the Original Guarantors and Cinch Connectors shall be collectively referred to as the "Guarantors"),

AND

BANK OF AMERICA, NATIONAL ASSOCIATION, a national banking association duly organized and validly existing under the laws of the United States of America, having an office located at 750 Walnut Avenue, Cranford, New Jersey 07016 (hereinafter referred to as the "Lender").

WITNESSETH:

WHEREAS, pursuant to the terms, conditions, and provisions of that certain Credit and Guaranty Agreement dated February 12, 2007, executed by and among the Borrower, the Lender, Bel Power Products Inc., a Delaware corporation (hereinafter referred to as "Bel Power Products"), and the Original Guarantors (hereinafter referred to as the "Original Loan Agreement"), (i) the Lender made available to the Borrower an unsecured revolving credit loan facility in the maximum principal amount of up to Twenty Million and 00/100 ($20,000,000.00) Dollars for working capital purposes, capital expenditures, and other lawful corporate purposes of the Borrower (hereinafter referred to as the "Revolving Credit Facility") and (ii) each Original Guarantor and Bel Power Products, as an original guarantor, absolutely, irrevocably and unconditionally guarantied the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the "Borrower Obligations" (as such term is defined in the Original Loan Agreement); and

WHEREAS, the Revolving Credit Facility is evidenced by that certain Revolving Credit Loan Note dated February 12, 2007, executed by the Borrower, as maker, in favor of the Lender, as payee (hereinafter referred to as the "Revolving Credit Loan Note"), in the maximum principal amount of up to $20,000,000.00; and

WHEREAS, Bel Power Products has merged with and into Bel Power, with Bel Power being the surviving entity, as evidenced by (i) those certain Articles of Merger Involving Domestic Corporations, Foreign Corporations or Foreign Other Entities dated July 6, 2006 and filed with the Office of the Secretary of the Commonwealth of Massachusetts on September 1, 2006 and (ii) that certain Certificate of Merger dated January 10, 2008 and filed with the Secretary of State of the State of Delaware on January 22, 2008; and

WHEREAS, pursuant to the terms, conditions, and provisions of that certain First Amendment to Credit and Guaranty Agreement dated as of April 30, 2008, executed by and among the Lender, the Borrower, and the Original Guarantors (hereinafter referred to as the "First Amendment"), the Borrower, the Original Guarantors, and the Lender amended the Original Loan Agreement for the purposes more fully set forth and described therein; and

WHEREAS, pursuant to the terms, conditions, and provisions of that certain Second Amendment to Credit and Guaranty Agreement dated as of June 30, 2009, executed by and among the Lender, the Borrower, and the Original Guarantors (hereinafter referred to as the "Second Amendment"), the Borrower, the Guarantors, and the Lender amended the Original Loan Agreement for the purposes more fully set forth and described therein (hereinafter the Original Loan Agreement, as amended and modified by the First Amendment and the Second Amendment, shall be referred to as the "Loan Agreement"); and

WHEREAS, the Borrower has acquired one hundred percent (100%) of the issued and outstanding stock of Cinch Connectors (hereinafter referred to as the "Acquisition") on the date hereof and, pursuant to the terms, conditions, and provisions of that certain Guaranty Supplement No. 1 dated of even date herewith, executed by and between Cinch Connectors and the Lender, Cinch Connectors has been added as a "Subsidiary Guarantor" (as such term is defined in the Loan Agreement) of the Revolving Credit Facility;

WHEREAS, in connection with the Acquisition, the Borrower, the Guarantors, and the Lender have agreed to further amend and modify the terms, conditions, and provisions of the Loan Agreement pursuant to the terms, conditions, and provisions of this Third Amendment for the purposes more fully set forth and described herein; and

WHEREAS, defined terms used but not expressly defined herein shall have the same meanings when used herein as set forth in the Loan Agreement

NOW, THEREFORE, intending to be legally bound hereby the Borrower, the Guarantors, and the Lender hereby promise, covenant, and agree as follows:

1. **Loan Agreement.** The Loan Agreement is hereby amended and modified by this Third Amendment as follows:

(i) The existing definition of "Loan Documents" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and the following new definition of "Loan Documents" is hereby inserted in its place and stead:

> ""Loan Documents" means, collectively, this Agreement, the Note, the First Amendment, the Second Amendment, the Third Amendment, the each Secured Hedging Agreement and all other agreements, instruments and documents executed or delivered in connection herewith."

(ii) The following new definition is hereby inserted into Section 1.1 of the Loan Agreement in its proper place:

> ""Third Amendment" shall mean that certain Third Amendment to Credit and Guaranty Agreement dated as of January 29, 2010 executed by and among the Borrower, the Lender, and the then current Subsidiary Guarantors as of the date of such Third Amendment to Credit and Guaranty Agreement, pursuant to which the parties thereto amended and modified the terms, conditions, and provisions of this Agreement."

(iii) Schedule 4.13 of the Loan Agreement is hereby deleted in its entirety and a new Schedule 4.13 in the form attached hereto as Exhibit "A" is hereby inserted in its place and stead.

(iv) Any and all references to the "Loan Agreement" shall be amended and modified to refer to the Loan Agreement as amended and modified by this Third Amendment.

2. **Satisfaction of Conditions Precedent to the Acquisition.** The Borrower, Guarantors, and Lender, as applicable, hereby represent and warrant that all conditions precedent to the Acquisition set forth in the Loan Agreement, including, without limitation, those conditions precedent set forth in Section 6.9 and Section 7.5(c) of the Loan Agreement, have been fully satisfied.

3. **Remaking of Representations and Warranties.** All representations and warranties contained in the Loan Agreement, as amended and modified by this Third Amendment, and all of the other Loan Documents, are true, accurate, and complete as of the date hereof and shall be deemed continuing representations and warranties so long as the Revolving Credit Facility shall remain outstanding.

4. **No Amendment of Other Terms.** All other terms and conditions of the Loan Agreement, as amended and modified by this Third Amendment, the Revolving Credit Loan Note, and all of the other Loan Documents remain in full force and effect, except as amended and modified herein, and the parties hereto hereby expressly confirm and reaffirm all of their respective liabilities, obligations, duties and responsibilities under and pursuant to the Loan Agreement, the Revolving Credit Loan Note, and all of the other Loan Documents.

5. **Further Agreements and Representations.** The Borrower and the Guarantors do hereby (i) ratify, confirm, and acknowledge that the Loan Agreement, as amended and modified by this Third Amendment, the Revolving Credit Loan Note, and all other Loan Documents continue to be valid, binding and in full force and effect, (ii) acknowledge and agree that, as of the date hereof. the Borrower has no defense, set-off, counterclaim, or challenge against the payment of any sums due and owing to the Lender or the enforcement of any of the terms of the Loan Agreement and/or any of the other Loan Documents, (iii) acknowledge and agree that all representations and warranties of the Borrower and the Guarantors contained m the Loan Agreement and the other Loan Documents are true, accurate, and correct as of the date hereof as if made on and as of the date hereof, except to the extent any such representation or warranty is by its terms limited to a certain date or dates in which case it remains true, accurate, and correct as of such date or dates and that none of the corporate documents of the Borrower or the Guarantors have been materially amended, modified, or supplemented since the date of the execution and delivery of the Loan Agreement, and (iv) represent and wanrant that the Borrower and the Guarantors have taken all necessary action required by law and by their respective corporate governing documents to execute and deliver this Third Amendment and that such execution and delivery constitutes the legal and validly binding action of such entities.

6. **No Novation.** It is the intention of the parties hereto that this Third Amendment shall not constitute a novation.

7. **Additional Documents; Further Assurances.** The Borrower and the Guarantors hereby covenant and agree to execute and deliver to the Lender, or to cause to be executed and delivered to the Lender contemporaneously herewith, at their sole cost and expense, any other documents, agreements, statements, resolutions, certificates, opinions, consents, searches, and information as the Lender may reasonably request in connection with the matters or actions described herein. The Borrower and the Guarantors hereby further covenant and agree to execute and deliver to the Lender, or to use reasonable efforts to cause to be executed and delivered to the Lender, at their sole cost and expense, from time to time, any and all other documents, agreements, statements, certificates, and information as the Lender shall reasonably request to evidence or effect the terms of the Loan Agreement, and/or any of the other Loan Documents. All such documents, agreements, statements, etc., shall be in form and content reasonably acceptable to the Lender.

8. **Fees, Costs, Expenses and Expenditures.** The Borrower shall pay all of the Lender's reasonable expenses in connection with this Third Amendment, including, without limitation, reasonable fees and disbursements of Lender's legal counsel.

9. **No Waiver**. Nothing contained herein constitutes an agreement or obligation by the Lender to grant any further amendments to any of the Loan Documents, as amended and modified hereby, and nothing contained herein constitutes a waiver or release by the Lender of any rights or remedies available to the Lender under the Loan Documents, as amended and modified hereby, at law or in equity.

10. **<u>Waiver, Release and Indemnification</u>** <u>by</u> **<u>the Borrower and Waiver and Release by the Guarantors.</u>** To induce the Lender to enter into this Third Amendment, the Borrower and the Guarantors, and any person or entity claiming by or through any or all of them, each waives and releases and forever discharges the Lender and its officers, directors, shareholders, agents, parent corporation, subsidiaries, affiliates, trustees, administrators, attorneys, predecessors, successors, and assigns and the heirs, executors, administrators, successors, and assigns of any such person or entity, as releasees (hereinafter collectively referred to as the <u>"Releasees")</u> from any liability, damage (whether direct or indirect, consequential, special, exemplary, or punitive), claim (including, without limitation, any claim for contribution or indemnity), loss or expense of any kind, in each case whether now known or unknown, past or present, asserted or unasserted, contingent or liquidated, at law or in equity, that it may have against any Releasee arising from the beginning of time to the date hereof arising out of or relating to the Revolving Credit Facility. The Borrower further agrees to indemnify and hold the Releasees harmless from any loss, damage, judgment, liability, or expense (including attorneys' fees) suffered by or rendered against the Lender on account of any claims of third parties arising out of or relating to the Revolving Credit Facility. The Borrower further states that it has carefully read the foregoing release and indemnity and the Guarantors further state that they have carefully read the foregoing release, and each of the Borrower and the Guarantors knows the contents thereof and grants the same as its own free act and deed.

11. **<u>Binding Effect; Governing Law.</u>** This Third Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and/or assigns. This Third Amendment shall be governed by and construed in accordance with the laws of the State of New Jersey.

12. **<u>Counterparts.</u>** This Third Amendment may be executed by one or more of the parties to this Third Amendment in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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IN WITNESS WHEREOF, the Lender, the Borrower, and the Guarantors have duly executed and delivered this Third Amendment, all as of the day and year first written above.

BORROWER:

BEL FUSE. INC., a New Jersey corporation

By: ______________________________
Colin Dunn
Vice President

GUARANTORS:

BEL VENTURES INC., a Delaware corporation

BEL POWER INC., a Massachusetts corporation

BEL TRANSFORMER INC., a Delaware corporation

BEL CONNECTOR INC., a Delaware corporation

CINCH CONNECTORS, INC., a Delaware corporation

AS TO EACH OF THE FOREGOING:

By: ______________________________
Colin Dunn
Vice President of each of the above-referenced corporations

LENDER:

BANK OF AMERICA, N.A.

By: ______________________________
David J. Bardwil
Senior Vice President

IN WITNESS WHEREOF, the Lender, the Borrower, and the Guarantors have duly executed and delivered this Third Amendment, all as of the day and year first written above.

BORROWER:

BEL FUSE INC., a New Jersey corporation

By: ____________________
Colin Dunn
Vice President

GUARANTORS:

BEL VENTURES INC., a Delaware corporation

BEL POWER INC., a Massachusetts corporation

BEL TRANSFORMER INC., a Delaware corporation

BEL CONNECTOR INC., a Delaware corporation

CINCH CONNECTORS, INC., a Delaware corporation

AS TO EACH OF THE FOREGOING:

By: ____________________
Colin Dunn
Vice President of each of the above-referenced corporations

LENDER:

BANK OF AMERICA, N.A.

By: ____________________
David J. Bardwil
Senior Vice President

[THIRD AMENDMENT TO CREDIT AND GUARANTY AGREEMENT]

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN THIRD AMENDMENT TO CREDIT AND GUARANTY AGREEMENT EXECUTED BY AND AMONG BEL FUSE INC., BEL VENTURES INC., BEL POWER INC., BEL TRANSFORMER INC., BEL CONNECTOR INC., CINCH CONNECTORS, INC., AND BANK OF AMERICA, NATIONAL ASSOCIATION

DATED AS OF JANUARY 29, 2010

List of Subsidiaries

Name	Jurisdiction of Formation	Equity Securities Owner(s)
Bel Connector Inc.	Delaware	Bel Fuse Inc.
Bel Fuse Delaware, Inc.	Delaware	Bel Fuse Inc.
Bel Power Inc.	Massachusetts	Bel Fuse Inc.
Bel Transformer Inc.	Delaware	Bel Fuse Inc.
Bel Ventures Inc.	Delaware	Bel Fuse Inc.
Cinch Connectors, Inc.	Delaware	Bel Fuse Inc.
Bel Fuse Europe Ltd.	United Kingdom	Bel Fuse Inc.
Cinch Connectors Ltd.	United Kingdom	Cinch Connectors, Inc.
Bel Fuse Limited	Hong Kong	Bel Fuse Inc. (3,305,580 shares) Daniel Bernstein (1 share)
Bel Fuse (MCO) LTD.	Macau	Bel Fuse Inc.
Bel Stewart GmbH	Germany	Bel Fuse Inc.
Bel Components Ltd.	Hong Kong	Bel Fuse Limited
Bel Delaware LLC	Delaware	Bel Fuse Limited
Bel Fuse Macau LDA	Macau	Bel Fuse Limited
Bel Sales (Hong Kong) Ltd.	Hong Kong	Bel Fuse Limited
Top East Corporation Ltd.	Hong Kong	Bel Fuse Limited
Stewart Connector Systems de Mexico, S.A. de C.V.	Mexico	Bel Connector Inc. (490 shares) Transformer One LLC (10 shares)
Cinch Connectors de Mexico, S.A. de C.V.	Mexico	Cinch Connectors, Inc.
Signal Dominicana, S.R.L.	Dominican Republic	Bel Transformer Inc. (99 shares) Transformer One LLC (1 share)
Bel Stewart s.r.o.	Czech Republic	Bel Stewart GmbH
Bel Power (Hangzhou)	PRC	Bel Fuse Macau LDA

GUARANTY SUPPLEMENT NO. I

THIS GUARANTY SUPPLEMENT NO. 1, dated as of January 29, 2010, supplements, amends, and modifies that certain (i) the Credit and Guaranty Agreement, dated February 12, 2007, executed by and among **BEL FUSE INC.** (the "Borrower"), the Subsidiary Guarantors party thereto, and **BANK OF AMERICA,** N.A. (the "Lender")(as it may have been subsequently amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Lender has agreed to make the Loans to the Borrower pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. The Subsidiary Guarantors have entered into the Credit Agreement in order to induce the Lender to make the Loans. Pursuant to Section 6.9 of the Credit Agreement, each Subsidiary created or acquired after the Effective Date that is a Domestic Subsidiary is to become a Subsidiary Guarantor by the execution and delivery of this Guarantee Supplement.

The undersigned Subsidiary (the "New Subsidiary Guarantor") is executing this Guaranty Supplement No. 1 in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Credit Agreement in order to induce the Lender to make additional Loans and as consideration for the Loans previously made.

Accordingly, the Lender and the New Subsidiary Guarantor agree that, in accordance with Section 6.9 of the Credit Agreement, the New Subsidiary Guarantor, by its signature below, becomes a Subsidiary Guarantor under the Credit Agreement with the same force and effect as if originally named therein as a Subsidiary Guarantor and the New Subsidiary Guarantor hereby (i) agrees to all the terms and provisions of the Credit Agreement applicable to it as a Subsidiary Guarantor thereunder and (n) represents and warrants that the representations and warranties made with respect to it as a Subsidiary Guarantor thereunder are true and correct on and as of the date hereof. Each reference to a "Subsidiary Guarantor" in any Loan Document shall be deemed to include the New Subsidiary Guarantor from and after the date hereof.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Guaranty Supplement No. 1 to the duly executed on its behalf.

CINCH CONNECTORS, INC., a Delaware corporation

By: ______________________________
Colin Dunn
Vice President

Address for Notices:

c/o Bel Fuse Inc.
206 Van Vorst Street
Jersey City, NJ 07302
Attention: Colin Dunn - Vice President

Telephone: (201) 432-0463
Telecopy: (201) 432-9542

Accepted and agreed to as
of the date first above written:

BANK OF AMERICA, N.A.

By: ______________________________
David J. Bardwil
Senior Vice President

IN EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Guaranty Supplement No. 1 to be duly executed on its behalf.

CINCH CONNECTORS, INC., a Delaware corporation

By: ________________________
Colin Dunn
Vice President

Address for Notices:

c/o Bel Fuse Inc.
206 Van Vorst Street
Jersey City, NJ 07302
Attention: Colin Dunn - Vice President

Telephone: (201) 432-0463
Telecopy: (201) 432-9542

Accepted and agreed to as
of the date first above written:

BANK OF AMERICA, N.A.

By: ________________________
David J. Bardwil
Senior Vice President

Ex - 21.1
Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
Bel Components Ltd.	Hong Kong
Bel Connector Inc.	Delaware
Bel Fuse Delaware Inc.	Delaware
Bel Fuse Europe Ltd.	United Kingdom
Bel Fuse Limited	Hong Kong
Bel Fuse (Macao Commerical Offshore) Limited	Macao
Bel Pingguo Limited	PRC
Bel Power (Hangzhou) Co. Ltd.	PRC
Bel Sales (Hong Kong) Ltd.	Hong Kong
Bel Stewart GmbH	Germany
Bel Stewart s.r.o.	Czech Republic
Bel Transformer Inc.	Delaware
Bel Ventures Inc.	Delaware
Bel Power Inc.	Massachusetts
Signal Dominicana, S.R.L.	Dominican Republic
Stewart Connector Systems de Mexico, S.A. de C.V.	Mexico
Top East Corporation Limited	Hong Kong
Cinch Connectors, Inc. (a)	Delaware
Cinch Connectors Limited (a)	England and Wales
Cinch Connectors de Mexico, S.A. de C.V. (a)	Mexico

(a) These companies became subsidiaries of the Registrant effective January 29, 2010.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Bel Fuse’s Registration Statement Nos. 333-89376 and No. 333-65627 on Form S-8 of our report dated March 12, 2010, relating to the financial statements and financial statement schedule of Bel Fuse Inc. and subsidiaries (“the Company”) and the effectiveness of the Company’s internal control over financial reporting, which expresses an unqualified opinion appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2009.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 12, 2010

Exhibit 31.1

CERTIFICATION

I, Daniel Bernstein, certify that:

1. I have reviewed this annual report on Form 10-K of Bel Fuse Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2010

/s/ Daniel Bernstein
Daniel Bernstein
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Colin Dunn, certify that:

1. I have reviewed this annual report on Form 10-K of Bel Fuse Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2010

/s/ Colin Dunn

Colin Dunn
Vice-President - Finance and Secretary

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Bel Fuse Inc. (the "Company") on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission (the "Report"), I, Daniel Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934;and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated result of operations of the Company for the periods presented.

Dated: March 12, 2010

By: /s/ Daniel Bernstein
Daniel Bernstein, President
and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Bel Fuse Inc. (the "Company") on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission (the "Report"), I, Colin Dunn, Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934;and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated result of operations of the Company for the periods presented.

Dated: March 12, 2010

BY: /s/ Colin Dunn
Colin Dunn, Vice President -
Finance and Secretary