SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934

HEIN-WERNER CORPORATION
(NAME OF ISSUER)

423002 10 4
COMMON STOCK, $1.00 PAR VALUE PER SHARE
(TITLE OF CLASS OF SECURITIES)

(CUSIP NUMBER OF CLASS OF SECURITIES)

SUSAN F. MARRINAN
VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
SNAP-ON INCORPORATED
2801 80TH STREET
KENOSHA, WISCONSIN 53141-1410
(414) 656-5200
(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

COPY TO:
WILLIAM R. KUNKEL, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM (ILLINOIS)
333 WEST WACKER DRIVE
CHICAGO, ILLINOIS 60606
(312) 407-0700

APRIL 27, 1998

(DATE OF EVENT WHICH REQUIRES FILING OF STATEMENT ON SCHEDULE 13D)

_____

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this statement because of Rule 13d-1(b)(3) or (4), check the following box: [ ]

CUSIP No. 423002 10 4	13D	Page 2 of 7 Pages

1	NAMES OF REPORTING PERSONS: SNAP-ON INCORPORATED S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS: 39-0622040
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP. (a) [ ] (b) [ ]
3	SEC USE ONLY
4	SOURCE OF FUNDS BK
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO

ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION:
STATE OF DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER NONE
	8	SHARED VOTING POWER NONE
	9	SOLE DISPOSITIVE POWER NONE
	10	SHARED DISPOSITIVE POWER NONE

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
NONE. SEE ITEM 5

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
0% SEE ITEM 5

14 TYPE OF REPORTING PERSON
HC AND CO

1 NAMES OF REPORTING PERSONS: SNAP-ON PACE COMPANY
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS: 39-1928875

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP.
(a) [ ] (b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION:
STATE OF WISCONSIN

	7	SOLE VOTING POWER NONE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER NONE
	9	SOLE DISPOSITIVE POWER NONE
	10	SHARED DISPOSITIVE POWER NONE

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON NONE. SEE ITEM 5
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES []
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 0% SEE ITEM 5
14	TYPE OF REPORTING PERSON CO

Item 1. Security and Issuer.

This statement on Schedule 13D (this "Statement" or the "Schedule 13D") relates to the common stock, par value $1.00 per share (the "Common Stock"), including the associated common share purchase rights (the "Rights" and, together with the Common Stock, the "Shares"), of Hein-Werner Corporation, a Wisconsin corporation (the "Company"). The address of the Company's principal executive offices is 2120 Pewaukee Road, Waukesha, Wisconsin 53188.

The item numbers and responses thereto below are in accordance with the requirements of Schedule 13D.

Item 2. Identity and Background.

(a) - (c), (f) This Statement is being filed by Snap-on Incorporated, a Delaware corporation ("Parent"), and Snap-on Pace Company, a Wisconsin corporation ("Purchaser") and an indirect wholly-owned subsidiary of Parent. The information set forth in the "INTRODUCTION" and "Section 9 -- Certain Information Concerning Parent and Purchaser" of Purchaser's Offer to Purchase dated May 4, 1998 (the "Offer to Purchase"), a copy of which is attached hereto as Exhibit (2)(a), is incorporated herein by reference. Unless otherwise defined herein, all capitalized terms used in this Statement shall have the meanings attributed to them in the Offer to Purchase. The name, business address, present principal occupation or employment, the material occupations, positions, offices or employments for the past five years and citizenship of each director and executive officer of Parent and Purchaser and the name, principal business and address of any corporation or other organization in which such occupations, positions, offices and employments are or were carried on are set forth in Schedule I of the Offer to Purchase and are incorporated herein by reference.

(d) - (e) During the past five years, neither Purchaser nor Parent nor, to the best knowledge of Purchaser and Parent, any of the persons listed in Schedule I of the Offer to Purchase have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The information set forth in "Section 10 -- Source and Amount of Funds" and "Section 12 -- Purpose of the Offer and the Merger; Plans for the Company; Other Matters" of the Offer to Purchase is incorporated herein by reference.

Item 4. Purpose of the Transaction.

(a) - (g), (j) The information set forth in the "INTRODUCTION," "Section 11 -- Background of the Offer; the Merger Agreement and Certain Other Agreements" and "Section 12 -- Purpose of the Offer and the Merger; Plans for the Company; Other Matters" of the Offer to Purchase is incorporated herein by reference.

(h) - (i), (j) The information set forth in "Section 7 -- Effect of the Offer on the Market for the Shares; Exchange Listing; Exchange Act Registration; Margin Regulations" of the Offer to Purchase is incorporated herein by reference.

Except as set forth in this Item 4, neither Parent nor Purchaser has any plans or proposals which relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) On April 27, 1998, Parent and Purchaser entered into a Stock Option Agreement (the "Stock Option Agreement") with the Company, pursuant to which the Company granted to Purchaser an irrevocable option to purchase that number of shares of Common Stock (the "Option Shares") that when added to the number of Shares owned by Purchaser and its affiliates immediately following the consummation of the Offer, shall constitute 90% of the Shares then outstanding on a fully diluted basis. The Stock Option Agreement is described more fully in Section 11 of the Offer to Purchase. The information set forth in "Introduction," "Section 9 -- Certain Information Concerning Parent and the Purchaser," "Section 11 -- Background of the Offer; the Merger Agreement and Certain Other Agreements" and "Section 12 -- Purpose of the Offer and the Merger; Plans for the Company; Other Matters" of the Offer to Purchase is incorporated herein by reference.

(b) Except as set forth above in paragraph (a) of this Item 5 with respect to the various agreements among Parent, Purchaser and the Company regarding the Option Shares, neither Parent or Purchaser nor, to the best of their knowledge, any person listed in Schedule I to the Offer to Purchase, which is incorporated by reference herein, presently has sole or shared power to vote, direct the vote, dispose or direct the disposition of any Shares that may be deemed beneficially owned by Parent or Purchaser.

(c) Except as set forth in this Item 5, neither Parent nor Purchaser has effected any transactions in the Shares during the past 60 days.

(d) - (e) Inapplicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

The information set forth in the "INTRODUCTION," "Section 9 -- Certain Information Concerning Parent and the Purchaser," "Section 10 -- Source and Amount of Funds," "Section 11 -- Background of the Offer; the Merger Agreement and Certain Other Agreements," "Section 12 -- Purpose of the Offer and the Merger; Plans for the Company; Other Matters" and "Section 16 -- Fees and Expenses" of the Offer to Purchase is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.

The following documents are being filed as exhibits to this Statement and are each incorporated by reference herein.

(1)(a) Letter Agreement Establishing Line of Credit, dated as of November 15, 1994, by and between Parent and Firstar Bank Milwaukee, N.A. (including the Form of Line of Credit Note).

(1)(b) Amendment to line of Credit Agreement and Note, dated as of September 21, 1995 by and between Parent and Firstar Bank Milwaukee, N.A.

(1)(c) Second Amendment to Line of Credit Agreement and Note, dated as of March 12, 1997 by and between Parent and Firstar Bank Milwaukee, N.A.

(1)(d) Third Amendment to Line of Credit Agreement and Note, dated as of April 14, 1995 by and between Parent and Firstar Bank Milwaukee, N.A.

(1)(e) Letter Agreement Establishing Unsecured Line of Credit, dated as of April 30, 1998, by and between Parent and First National Bank of Chicago (including the Master Note, dated as of April 30, 1998, by and between Parent and First National Bank of Chicago).

(2)(a) Offer to Purchase dated May 4, 1998.

(2)(b) Agreement and Plan of Merger, dated as of April 27, 1998, by and among Parent, the Purchaser and the Company.

(3)(a) Stock Option Agreement, dated as of April 27, 1998, by and among Parent, the Purchaser and the Company.

(3)(c) Joint Filing Agreement, dated as of May 4, 1998 by and between Parent and Purchaser.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: May 4, 1998

SNAP-ON PACE COMPANY

By: /s/ SUSAN F. MARRINAN

Name: Susan F. Marrinan
Title: Vice President

SNAP-ON INCORPORATED

By: /s/ DONALD S. HUML

Name: Donald S. Huml
Title: Senior Vice President

EXHIBIT INDEX

Exhibit Number	Exhibit
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(2)(a) Offer to Purchase dated May 4, 1998.

(2)(b) Agreement and Plan of Merger, dated as of April 27, 1998, by and among Parent, the Purchaser and the Company.

(3)(a) Stock Option Agreement, dated as of April 27, 1998, by and among Parent, the Purchaser and the Company.

(3)(b) Joint Filing Agreement, dated as of May 4, 1998 by and between Parent and Purchaser.

Exhibit (1)(a)

[FIRSTAR LETTERHEAD]

November 15, 1994

Mr. Denis J. Loverine
Treasurer
Snap-On Incorporated
2801 - 80th Street
Kenosha, Wisconsin 53141-1410

Dear Denis:

We are pleased to establish a Ten Million Dollar ($10,000,000) line of credit for your current use.

This letter will serve to confirm our understanding regarding the line of credit.

1. All loans made by us to you under the line of credit will be evidenced by a single promissory note of Snap-On Incorporated, payable on demand, dated as of the date hereof, in the form of Exhibit A attached hereto and made a part hereof, in the form of Exhibit A attached hereto and made a part hereof, executed by you and delivered to us prior to our making any advances under the line of credit.

2. Prior to our making any advances to you under the line of credit, you will deliver to us such evidence of your authority to enter into the transactions contemplated hereby as will be satisfactory to us.

3. You shall provide us with quarterly management prepared consolidated financial statements within 45 days of the end of each quarter and annual audited consolidated financial statements prepared by an accounting firm mutually acceptable to you and us within 120 days of the end of each fiscal year.

4. Subject to the terms hereof, we will make loans to you under the line of credit by depositing in your account number 111516-704 the amount of the advance requested by you on your oral, written, telephonic or wire request. You may likewise make payments on account of principal or interest on your borrowings under the line of credit by oral, written, telephonic or wire instruction to us to charge your account identified above. We will advise you of charges to your account within thirty (30) days after they are made.

5. Either party may terminate this agreement at any time.

6. This line of credit replaces and cancels your previous line of credit with us in the amount of $20,000,000.

If the foregoing is acceptable, please sign a copy of this letter enclosed for that purpose and return it to us within seven days of the date hereof.

Very truly yours,

FIRSTAR BANK MILWAUKEE, N.A.

By: /s/ F.R. Dengel

F.R. Dengel
Vice President

ACCEPTED:

SNAP-ON INCORPORATED

By: /s/ Denis J. Loverine

Title: Treasurer

EXHIBIT A

FORM OF LINE OF CREDIT NOTE

$[_____] [_____]

FOR VALUE RECEIVED, the undersigned SNAP-ON INCORPORATED ("Borrower") promises to pay to the order of FIRSTAR BANK MILWAUKEE, N.A. ("Bank"), at any of its offices in Milwaukee, Wisconsin, _____ Dollars, or such lesser amount as may be outstanding hereunder from time to time, ON DEMAND. Unless otherwise agreed between the Borrower and the Bank, advances outstanding hereunder shall bear interest at a rate equal to the Bank's announced prime rate in effect from time to time, with the rate hereon changing as and when such prime rate changes ("Variable Rate Advances"). Interest on Variable Rate Advances shall be payable monthly beginning _____ and continuing on the first day of each month thereafter until demand by the Bank, when all principal and interest shall be due and payable. Variable Rate Advances may be repaid at any time, without premium.

At the election of the Borrower, advances hereunder in the minimum principal amount of $ shall bear interest at such fixed rate and for such term as may be quoted by the Bank and agreed to by the Borrower ("Fixed Rate Advances"). Interest on any Fixed Rate Advance shall be payable on the last day of the quoted term applicable to such Fixed Rate Advance (or on such other dates as may be agreed to by the Borrower and the Bank) and on demand, when all principal and interest shall be due and payable. Upon the expiration of the term of any Fixed Rate Advance, the principal amount thereof shall become a Variable Rate Advance unless a new Fixed Rate Advance is agreed to by the Borrower and the Bank. In the event the Borrower repays a Fixed Rate Advance prior to the end of the quoted term applicable to such Fixed Rate Advance, the borrower shall reimburse the Bank for all expenses or fees incurred by the Bank as a result of such prepayment.

Interest on Variable Rate Advances and Fixed Rate Advances will be computed for the actual number of days principal is unpaid, using a daily factor obtained by dividing the stated interest rate by 360. Principal and interest not paid when due shall bear interest from and after the due date until paid at a rate of 2% per annum above the bank's announced prime rate in an effect from time to time.

The Bank is authorized to charge payments due hereunder against any account of the Borrower with the Bank.

The unpaid principal balance of this Note, together with all interest accrued hereon, shall become immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby waived, if any of the following events shall occur: The Borrower shall: (a) become insolvent; or (b) be unable, or admit in writing its inability to pay its debts as they mature; or (c) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (d) become the subject of an "Order for Relief" as said term is defined under the United States Bankruptcy Code; or (e) file an answer to a creditor's petition (admitting the material allegations thereof) for reorganization or to effect a plan or other

arrangement with creditors; or (f) apply to a court for the appointment of a receiver for any of its assets; or (g) have a receiver appointed for any of its assets (with or without the consent of the Borrower) and such receiver shall not be discharged within 60 days after his appointment; or (h) otherwise become the subject of an insolvency proceeding or an out-of-court settlement with its creditors.

Borrower grants the holder a security interest and lien in any credit balance or other money now or hereafter owed any Borrower by holder, and, in addition, agrees that holder may, at any time after an occurrence of an event of default, without notice or demand, set off against any such credit balance or other money any amount unpaid under this Note.

Borrower represents and warrants that it is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, the execution, delivery and performance under this Note are within Borrower's corporate powers, have been duly authorized by all necessary corporate action, and are not in contravention of the terms of Borrower's articles of incorporation, by-laws, or any resolution of its board of directors. Borrower warrants and represents that the execution, delivery and performance under this Note are not in contravention of law and do not conflict with any indenture, agreement or undertaking to which Borrower is a party or is otherwise bound.

All Borrowers, indorsers, sureties and guarantors agree to pay all costs of collection, including reasonable attorneys' fees and legal expenses, and waive presentment, protest, demand, and notice of dishonor.

This Note shall be governed by the internal laws of the State of Wisconsin, except to the extent superseded by Federal law.

This Note is issued under a Line of Credit Letter Agreement dated the date hereof, to which reference is made for a statement of the terms and conditions under which loans evidenced hereby were or may be made.

SNAP-ON INCORPORATED
EXHIBIT A
By: _____
Title_____

EXHIBIT A
By: _____
Title_____

Exhibit (1)(b)

September 21, 1995

Mr. Denis J. Loverine
Treasurer
Snap-On Incorporated
2801 - 80th Street
Kenosha, Wisconsin 53141-1410

RE: Amendment to Line of Credit Agreement and Note

Dear Denis:

Please refer to the line of credit letter agreement and accompanying note dated November 15, 1994, establishing a $10,000,000 line of credit at Firstar Bank Milwaukee, N.A. for Snap-On Incorporated. You have requested that Firstar Bank increase the amount available under the line of credit from $10,000,000 to $20,000,000.

By this letter, we hereby amend the above-referenced line of credit agreement and note to delete all reference to "$10,000,000" (whether or not numerically) and to substitute "$20,000,000" each place the amount appears in the letter agreement and note. In all other respects, the terms of the letter agreement and note shall continue as originally set forth. This is an amendment, not a novation.

Please indicate your agreement by signing where indicated below and returning this letter to the undersigned.

Very truly yours,

/s/ F.R. Dengel

F.R. Dengel
Vice President

Accepted and agreed to:

SNAP-ON INCORPORATED

By: /s/ Denis J. Loverine

Title: Treasurer

By:

Title:

Exhibit (1)(c)

[FIRSTAR BANK MILWAUKEE, N.A. LETTERHEAD]

March 12, 1997

Mr. Denis J. Loverine
Treasurer
Snap-On Incorporated
2801-80th Street
Kenosha, Wisconsin 53141-1410

RE: Second Amendment to Line of Credit Agreement and Note

Dear Denis:

Please refer to the line of credit agreement and accompanying note dated November 15, 1994, as amended, establishing a $20,000,000 line of credit at Firstar Bank Milwaukee, N.A. for Snap-On Incorporated. You have requested that Firstar Bank increase the ammount available under the line of credit from $20,000,000 to $27,500,000.

By this letter, we hereby amend the above-referenced line of credit agreement and note to delete all references to "$20,000,000" (whether or not numerically) and to substitute "27,500,000" each place the amount appears in the letter agreement and note. In all other respects, the terms of the letter agreement and note shall continue as orignally set forth. This is an amendment, not a novation.

Please indicate your agreement by signing where indicated below and returning this letter to the undersigned.

Very truly yours,

/s/ R. Bruce Anthony

R. Bruce Anthony
Officer

Accepted and agreed to:

SNAP-ON INCORPORATED

By: /s/ Denis J. Loverine

Title: Treasurer

By:

Title:

Exhibit (1)(d)

[FIRSTAR BANK MILWAUKEE, N.A. LETTERHEAD]

April 14, 1997

Mr. Denis J. Loverine
Treasurer
Snap-on Incorporated
2801 80th Street
Kenosha, WI 53141-1410

RE: Third Amendment to Line of Credit Agreement and Note

Dear Denis:

Please refer to the line of credit letter agreement and accompanying note dated November 15, 1994, as amended, establishing a $27,500,000 line of credit at Firstar Bank Milwaukee, N.A. for Snap-on Incorporated. You have requested Firstar Bank increase the amount available under the line of credit from $27,500,000 to $31,000,000.

By this letter, we hereby amend the above-referenced line of credit agreement and note to delete all references to $27,500,000 (whether or not numerically) and to substitute $31,000,000 each place the amount appears in the letter agreement and note. In all other respects, the terms of the letter agreement and note shall continue as originally set forth. This is an amendment, not a novation.

Please indicate your agreement by signing where indicated below and returning this letter to the undersigned.

Sincerely,

/s/ R. Bruce Anthony

R. Bruce Anthony
Commercial Banking Officer

Accepted and agreed to:

SNAP-ON INCORPORATED

By: /s/ Denis J. Loverine

Title: Treasurer

Exhibit (1)(e)

[FIRST CHICAGO LETTERHEAD]

April 30, 1998

Snap-On Incorporated
10801 Corporate Drive
Kenosha, WI 53141-1430

Attention: Denis J. Loverine
Treasurer

Dear Denis:

We are pleased to establish an unsecured line of credit in your favor in the amount of $50,000,000, which shall continue from April 30, 1998 through April 29, 1999 unless you or we elect to terminate it earlier by advising the other.

Loans under this line of credit will be evidenced and governed by our standard form of master note (copy attached), and will bear interest, at your option, at:

(a) a rate equal to our corporate base rate of interest announced by us from time to time, changing when and as our corporate base rate changes, with interest computed on the basis of actual days elapsed on a 365/6 - day year basis and payable on the last day of each month and on demand; or

(b) subject to availability and for a maturity to be agreed upon, at such other fixed rate as we may mutually agree upon from time to time.

You agree that you will not use the proceeds of any credit extended under this line of credit for the purpose of repaying principal, interest or dividends on any security issued by you and underwritten, distributed or placed by First Chicago Capital Markets, Inc.

This line of credit shall be effective when you have signed and returned to us a copy of this letter and may be terminated by you or by us at any time effective upon the giving of advice to the other party and in the sole discretion of the party electing to terminate. Prior to borrowing under this line of credit you will supply us with an executed master note and satisfactory corporate resolutions and incumbency certificates. This letter supersedes and replaces the previous letter dated as of October 16, 1997.

Very truly yours,

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Deborah E. Stevens

Title: Authorized Agent

Accepted and agreed to:
SNAP-ON INCORPORATED

By: /s/ Denis J. Loverine

Title: Treasurer

Date: 4-30-98

MASTER NOTE
(FIXED AND FLOATING RATES)

$50,000,000 Chicago, Illinois
Date: April 30, 1998

FOR VALUE RECEIVED, Snap-On (the "Borrower") promises to pay to the order of THE FIRST NATIONAL BANK OF CHICAGO (the "Bank"), in lawful money of the United States at the office of the Bank at One First National Plaza, Chicago, Illinois, or as the Bank may otherwise direct, the lesser of fifty million dollars ($50,000,000) or the aggregate outstanding unpaid principal amount of loans evidenced hereby ("loans"), together with interest as provided below.

Any person authorized to borrow on behalf of the Borrower (an "Authorized Representative", as designated by the Borrower using the format contained in Exhibit A) may request a loan by telephone or facsimile. The Borrower agrees that the Bank is authorized to honor requests which it believes, in good faith, to emanate from an Authorized Representative, whether in fact that be the case or not.

Loans may bear interest at either a fixed rate ("fixed rate loans") or a floating rate ("floating rate loans"). Loans shall be floating rate loans unless the Bank and the Borrower agree to a fixed rate for a specific maturity at or before the time of borrowing. Fixed rate loans shall be payable at maturity and floating rate loans shall be payable on demand. Interest on each fixed rate loan shall be payable upon the maturity of such fixed rate loan and, in the case of a fixed rate loan with an original maturity in excess of three months, interest shall also be payable on the last day of each three-month interval while such fixed rate loan is outstanding. Floating rate loans shall bear interest at a rate equal to the corporate base rate of interest announced by the Bank from time to time, changing when and as the corporate base rate changes. Interest on floating rate loans shall be payable on the last day of each month on demand. A fixed rate loan not paid at maturity (whether by acceleration or otherwise) and a floating rate loan not paid on demand shall bear interest at a rate equal to the sum of the corporate base rate of interest announced by the Bank from time to time, plus 1% per annum, changing when and as the corporate base rate changes.

Each payment of principal or interest hereunder shall be made in immediately available funds. If any payment shall become due and payable on a Saturday, Sunday or legal holiday under the laws of Illinois, such payment shall be made on the next succeeding business day in Illinois and any such extended time of the payment of principal or interest shall be included in computing interest. All interest on floating rate loans hereunder shall be computed for the actual number of

days elapsed an a 365/6 day year basis and all interest on fixed rate loans shall be completed for the actual number of days elapsed an a 360 day year basis. The Borrower hereby authorizes the Bank to deposit the proceeds of loans to, and to charge payments of prinicpal and interest against, the Borrower's deposit account with the Bank.

A fixed rate loan may not be prepaid prior to the agreed maturity of the loan without the written consent of the Bank. If, for any reason, any payment of a fixed rate loan occurs prior to maturity of such loan, the Borrower will indemnify the Bank for any loss or cost which the Bank determines is attributable to such payment, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such fixed rate loan. Loans bearing interest at a rate related to the corporate base rate may be prepaid by the Borrower, without premium or penalty.

The Borrower hereby authorizes the Bank to record loans, maturities, repayments, interest rates and payment dates on the schedule attached to this note or otherwise in accordance with the Bank's usual practice. The obligation of the Borrower to repay each loan made hereunder shall be absolute and unconditional notwithstanding any failure of the Bank to enter such amounts on such schedule or to receive written confirmation of the transaction from the Borrower. If the Bank requests a written confirmation of a requested loan, the Borrower will confirm the terms of each loan by mailing a confirmation letter

to the Bank signed by any Authorized Reprensentative. If the Bank elects to confirm the terms of a loan to the Borrower, the Borrower will notify the Bank in writing within 10 days after the Borrower's receipt of such confirmation if it believes such confirmation to be inaccurate. In the event of disagreement as to the terms of a transaction, the Bank's records shall govern, absent manifest error.

If any change in any law, rule, regulation or directive (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System) imposes any condition the result of which is to increase the cost to the Bank of making, funding or maintaining any fixed rate loan or reduces any amount receivable by the Bank hereunder in connection with a fixed rate loan, the Borrower shall pay the Bank the amount of such increased expense incurred or the reduction in any amount received which the Bank determines is attributable to making, funding and maintaining the fixed rate loans.

The Bank may elect to sell participations in or assign its rights under loans. The Borrower agrees that if it fails to pay any loan when due, any purchaser of an interest in such loan shall be entitled to seek enforcement of this note if the purchaser is permitted to do so pursuant to the terms of the participation agreement between the Bank and such purchaser.

The Borrower hereby authorizes the Bank and any other holder of an interest in this note (a "holder") to disclose confidential information relating to the financial condition or operations of

the Borrower (i) to any affiliate of the Bank, (ii) to legal counsel, accountants, and other professional advisors to the Bank (iii) to regulatory officials, (iv) as requested or required by law, regulation, or legal process or (v) in connection with any legal proceeding to which the Bank or any other holder is a party.

Nothing in this note shall constitute a commitment to make loans to the Borrower. In addition to, and without limitation of, any rights of the Bank under applicable law, if any amount payable hereunder is not paid when due, there is any material adverse change in the Borrower's or any guarantor's financial condition, there is a default under any agreement governing indebtedness of the Borrower or any guarantor, any petition is filed by or against the Borrower or any guarantor under the Federal Bankruptcy Code or similar state law or if the Borrower or any guarantor becomes insolvent, howsoever evidenced, the Bank may declare all unpaid principal and interest on fixed rate loans and unpaid fees immediately due and payable and any indebtedness from the Bank to the Borrower may be offset and applied toward the payment of all unpaid principal, interest and fees payable hereunder, whether or not such amounts, or any part thereof, shall then be due. The Borrower expressly waives any presentment, demand, protest or notice in connection with this note now, or hereafter, required by applicable law and agrees to pay all reasonable costs and expenses of collection.

THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAW (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, GIVING EFFECT, HOWEVER, TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. THE BORROWER AND THE BANK EACH HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS NOTE OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

SNAP-ON INCORPORATED

By: /s/ Denis J. Loverine

Title: Treasurer 6-17-97

SCHEDULE

to be attached and become a part of
the Master Note dated April 30, 1998
executed by Snap-on Incorporated
and payable to
The First National Bank of Chicago

Unpaid Principal Balance of Note	Initials of Person Making Notation	Date of Transaction	Amount of Loan	Maturity	Interest Rate	Amount of Principal Payment

Exhibit (2)(a)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED COMMON SHARE PURCHASE RIGHTS)

OF

HEIN-WERNER CORPORATION
BY

SNAP-ON PACE COMPANY
AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF

SNAP-ON INCORPORATED
AT

$12.60 NET PER SHARE

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, JUNE 1, 1998, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES REPRESENTING AT LEAST 66 2/3% OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE SECTION 14.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY APPROVED THE OFFER AND THE MERGER AND DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY'S SHAREHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER ALL OF THEIR SHARES.

IMPORTANT

Any shareholder who desires to tender all or any portion of his Shares should either (1) complete and sign the Letter of Transmittal or a facsimile thereof in accordance with the instructions in the Letter of Transmittal, mail or deliver it and any other required documents to the Depositary and either deliver the certificates for such Shares to the Depositary along with the Letter of Transmittal or tender such Shares pursuant to the procedures for book-entry transfer set forth in Section 2 or (2) request his broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him. Any shareholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if he desires to tender such Shares.

Any shareholder who desires to tender Shares and whose certificates representing such Shares are not immediately available, or who cannot comply with the procedures for book-entry transfer on a timely basis, may tender such Shares by following the procedures for guaranteed delivery set forth in Section 2.

Questions and requests for assistance may be directed to the Information Agent at its address and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent, the Depositary, or to brokers, dealers, commercial banks or trust companies. A shareholder may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

The Information Agent for the Offer is:

MORROW & CO., INC.

May 4, 1998

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To the Holders of Common Stock of
HEIN-WERNER CORPORATION:

INTRODUCTION

Snap-on Pace Company, a Wisconsin corporation (the "Purchaser") and an indirect wholly-owned subsidiary of Snap-on Incorporated, a Delaware corporation ("Parent"), hereby offers to purchase all outstanding shares of Common Stock, par value $1.00 per share (the "Common Stock"), including the associated common share purchase rights (the "Rights" and, together with the Common Stock, the "Shares"), issued pursuant to the Rights Agreement (as defined below), of Hein-Werner Corporation, a Wisconsin corporation (the "Company"), at $12.60 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, together with any amendments or supplements hereto or thereto, collectively constitute the "Offer").

Tendering shareholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, transfer taxes on the purchase of Shares pursuant to the Offer. The Purchaser will pay all fees and expenses of Firstar Trust Company, which is acting as the Depositary (the "Depositary"), and Morrow & Co., Inc., which is acting as the Information Agent (the "Information Agent"), incurred in connection with the Offer.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of April 27, 1998 (the "Merger Agreement"), by and among Parent, the Purchaser and the Company pursuant to which, as soon as practicable after the completion of the Offer and satisfaction or waiver of all conditions to the Merger (as defined below), the Purchaser will be merged with and into the Company (the "Merger") and the Company will become an indirect wholly-owned subsidiary of Parent. At the effective time of the Merger (the "Effective Time"), each Share then outstanding (other than Shares held by Parent, the Purchaser, any wholly-owned subsidiary of Parent or the Purchaser, in the treasury of the Company or by any wholly-owned subsidiary of the Company, and by shareholders who perfect their dissenters' rights under Wisconsin law) will be converted into the right to receive $12.60 in cash or any higher price per Share

paid in the Offer (the "Offer Price"), without interest thereon. The Merger Agreement is more fully described in Section 11.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES REPRESENTING AT LEAST 66 2/3% OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS (THE "MINIMUM CONDITION"). THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE SECTION 14.

IN CONNECTION WITH THE MERGER AGREEMENT, PARENT AND THE PURCHASER ENTERED INTO A STOCK OPTION AGREEMENT WITH THE COMPANY. UPON THE TERMS AND CONDITIONS SET FORTH IN THE STOCK OPTION AGREEMENT, THE COMPANY GRANTED TO THE PURCHASER AN IRREVOCABLE OPTION TO PURCHASE FROM THE COMPANY AT THE OFFER PRICE NEWLY ISSUED SHARES IN AN AMOUNT EQUAL TO THE NUMBER OF SHARES THAT, WHEN ADDED TO THE NUMBER OF SHARES OWNED BY THE PURCHASER AND ITS AFFILIATES IMMEDIATELY FOLLOWING CONSUMMATION OF THE OFFER, SHALL CONSTITUTE 90% OF THE SHARES THEN OUTSTANDING ON A FULLY DILUTED BASIS (GIVING EFFECT TO THE ISSUANCE OF SUCH SHARES). THE STOCK OPTION AGREEMENT IS DESCRIBED MORE FULLY IN SECTION 11.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY APPROVED THE OFFER AND THE MERGER AND DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY'S SHAREHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER ALL OF THEIR SHARES. SEE SECTION 11.

Credit Suisse First Boston ("CSFB"), the Company's financial advisor, has delivered to the Board of Directors of the Company its written opinion to the effect that, as of the date of such opinion, the cash consideration to be received in the Offer and the Merger, based upon and subject to the assumptions and limitations set forth in such opinion, by the Company's shareholders is fair to such shareholders from a financial point of view. Such opinion is set forth in full as an annex to the Company's Solicitation/Recommendation Statement on Schedule 14D-9 (the "Schedule 14D-9"), which is being mailed to shareholders of the Company herewith.

The Merger Agreement provides that, except as provided therein, following satisfaction or waiver of all of the conditions to the Offer and subject to the terms and conditions thereof, the Purchaser will accept for payment and pay for all Shares validly tendered and not withdrawn pursuant to the Offer as soon as practicable after the Expiration Date.

Pursuant to the Merger Agreement, the Company has agreed to take all action necessary under the Wisconsin Business Corporation Law (the "WBCL") and its Articles of Incorporation and By-laws to convene a meeting of its shareholders promptly following consummation of the Offer to consider and vote on the Merger. If the Purchaser owns at least 90% of the outstanding Shares, approval of the Merger can be obtained without the affirmative vote of any other shareholder of the Company. See Section 15.

On April 27, 1998, Parent and the Purchaser entered into a Stock Option Agreement with the Company. Pursuant to the Stock Option Agreement, if the Purchaser owns at least 66 2/3% but less than 90% of the outstanding Shares, the Purchaser may exercise an irrevocable option to purchase from the Company at the Offer Price newly issued Shares in an amount equal to the number of Shares that, when added to the number of Shares owned by the Purchaser and its affiliates immediately following consummation of the Offer, shall constitute 90% of the Shares then outstanding on a fully diluted basis (giving effect to the issuance of the Option Shares). The Stock Option Agreement is described more fully in Section 11.

The Purchaser presently intends to seek to cause the Company to make an application for the termination of the registration of the Shares under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as possible after the purchase of all validly tendered Shares pursuant to the Offer if the requirements for termination of registration are met. See Section 7.

The Minimum Condition requires that the number of Shares validly tendered and not withdrawn prior to the expiration of the Offer represent at least 66 2/3% of the Shares outstanding on a fully diluted basis. According to the Company, as of April 27, 1998, there were 2,918,899 Shares issued and outstanding, and there were outstanding options and warrants to purchase an aggregate of 101,847 Shares. The Merger Agreement provides, among other things, that the Company will not, without the prior written consent of Parent, issue

any additional Shares (except on the exercise of outstanding options, including pursuant to the Stock Option Agreement, and as otherwise permitted under the Merger Agreement). Based on the foregoing and assuming that all outstanding options and warrants are exercised, the Minimum Condition will be satisfied if 2,013,831 Shares are validly tendered and not withdrawn prior to the expiration of the Offer. If the Minimum Condition is satisfied (and the option under the Stock Option Agreement is exercised, if necessary), Parent would be able to effect the Merger without the affirmative vote of any other shareholder of the Company.

The Company has distributed one Right for each outstanding Share pursuant to the Rights Agreement, dated as of May 9, 1989, between the Company and Firstar Trust Company (f/k/a First Wisconsin Trust Company), as Rights Agent, as amended (the "Rights Agreement"). Based on the information disclosed by the Company, the Company has irrevocably taken all actions necessary to make the Rights Agreement and the Rights inapplicable to (i) the Offer and Merger and (ii) the Stock Option Agreement and the transactions contemplated thereby.

The Merger Agreement provides that, promptly upon the payment by the Purchaser for Shares pursuant to the Offer, and from time to time thereafter, the Purchaser will be entitled to designate such number of directors, rounded up to the next whole number, to the Board of Directors of the Company as will give it representation equal to the product of the total number of directors on the Board (giving effect to the directors designated by the Purchaser) multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser or its affiliates bears to the total number of Shares then outstanding. In the Merger Agreement, the Company has agreed, upon the request of the Purchaser, to promptly take all actions necessary to cause the Purchaser's designees to be so elected, including, if necessary, promptly increasing the size of the Board of Directors of the Company or securing the resignation of one or more directors, or both. However, prior to the Effective Time, the Board of Directors of the Company shall always have at least two members who are neither officers, directors, shareholders or designees of the Purchaser or any of its affiliates ("Purchaser Insiders"). If the number of directors who are not Purchaser Insiders is reduced below

two for any reason prior to the Effective Time, then the remaining directors who are not Purchaser Insiders (or if there is only one director who is not a Purchaser Insider, the remaining director who is not a Purchaser Insider) shall be entitled to designate a person (or persons) to fill such vacancy (or vacancies) who is not an officer, director, shareholder or designee of the Purchaser or any of its affiliates and who shall be a director not deemed to be a Purchaser Insider for all purposes of the Merger Agreement. At such time, the Company shall, if requested by the Purchaser, also cause persons designated by the Purchaser to constitute at least the same percentage (rounded up to the next whole number) as is on the Board of Directors of the Company of each committee of the Board of Directors of the Company; provided, however, that prior to the Effective Time each committee of the Board of Directors of the Company shall have at least one member who is not a Purchaser Insider. See Section 11.

The Purchaser estimates that the total funds required to purchase all Shares validly tendered pursuant to the Offer, consummate the Merger and pay all related costs and expenses will be approximately $44 million, including the repayment of certain of the Company's indebtedness. The Purchaser will obtain such funds from Parent by means of capital contributions, loans or a combination thereof. Parent plans to obtain the funds for such capital contributions or loans from available borrowings and working capital. See Section 10.

The information contained in this Offer to Purchase concerning the Company was supplied by the Company, and Parent and the Purchaser take no responsibility for the accuracy of such information. The information contained in this Offer to Purchase concerning the Offer, the Merger, Parent and the Purchaser was supplied by Parent and the Purchaser, and the Company takes no responsibility for the accuracy of such information.

THIS OFFER TO PURCHASE AND THE LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

THE OFFER

1. TERMS OF THE OFFER.

Upon the terms and subject to the conditions of the Offer, the Purchaser will accept for payment and pay for all Shares validly tendered prior to the Expiration Date and not theretofore withdrawn in accordance with Section 3 of this Offer to Purchase. The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on Monday, June 1, 1998, unless and until the Purchaser, in accordance with the terms of the Merger Agreement, shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Offer is conditioned upon, among other things, the satisfaction of the Minimum Condition and the expiration or termination of all waiting periods imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder (the "HSR Act"). See Section 14. If such conditions are not satisfied prior to the Expiration Date, the Purchaser reserves the right (but shall not be obligated) to (i) decline to purchase any of the Shares tendered, subject to the terms of the Merger Agreement, (ii) waive any of the conditions to the Offer, to the extent permitted by the provisions of the Merger Agreement, and, subject to complying with applicable rules and regulations of the Securities and Exchange Commission (the "Commission"), purchase all Shares validly tendered or (iii) amend the Offer or postpone the acceptance for payment of tendered shares.

Subject to the terms of the Merger Agreement, if, on the initial scheduled Expiration Date of the Offer, the sole condition remaining unsatisfied is the failure of the waiting period under the HSR Act to have expired or been terminated, the Purchaser shall, and Parent shall cause the Purchaser to, extend the Expiration Date from time to time until two business days after the expiration of the waiting period under the HSR Act. The rights reserved by the Purchaser in this paragraph are in addition to the Purchaser's rights to amend the Offer or postpone the acceptance for payment of tendered shares as described in Section 14. Any extension, amendment or termination will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the

next business day after the previously scheduled Expiration Date in accordance with the public announcement requirements of Rule 14d-4(c) under the Exchange Act. Without limiting the obligation of the Purchaser under such Rule or the manner in which the Purchaser may choose to make any public announcement, the Purchaser currently intends to make announcements by issuing a release to the Dow Jones News Service.

The Merger Agreement provides that, without the prior written consent of the Company, the Purchaser will not decrease the Offer Price or change the form of consideration payable in the Offer, decrease the number of Shares sought to be purchased pursuant to the Offer or amend any other term of the Offer in any manner adverse to the holders of Shares.

If the Purchaser extends the Offer, or if the Purchaser (whether before or after its acceptance for payment of Shares) is delayed in its purchase of or payment for Shares or is unable to pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer, the Depositary may retain tendered Shares on behalf of the Purchaser, and such Shares may not be withdrawn except to the extent tendering shareholders are entitled to withdrawal rights as described in Section 3. However, the ability of the Purchaser to delay the payment for Shares which the Purchaser has accepted for payment is limited by Rule 14e-l(c) under the Exchange Act, which requires that a bidder pay the consideration offered or return the securities deposited by or on behalf of holders of securities promptly after the termination or withdrawal of the Offer.

If the Purchaser makes a material change in the terms of the Offer or the information concerning the Offer or waives a material condition of the Offer, the Purchaser will disseminate additional tender offer materials and extend the Offer to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances then existing, including the relative materiality of the changed terms or information. In a public

release, the Commission has stated that in its view an offer must remain open for a minimum period of time following a material change in the terms of the Offer and that waiver of a material condition, such as the Minimum Condition, is a material change in the terms of the Offer. The release states that an offer should remain open for a minimum of five business days from the date a material change is first published, sent or given to security holders and that, if material changes are made with respect to information not materially less significant than the offer price and the number of shares being sought, a minimum of ten business days may be required to allow adequate dissemination and investor response. The requirement to extend the Offer will not apply to the extent that the number of business days remaining between the occurrence of the change and the then-scheduled Expiration Date equals or exceeds the minimum extension period that would be required because of such amendment. As used in this Offer to Purchase, "business day" has the meaning set forth in Rule 14d-1 under the Exchange Act.

The Company has provided the Purchaser with the Company's shareholder lists and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal will be mailed by the Purchaser to record holders of Shares and will be furnished by the Purchaser to brokers, dealers, banks and similar persons whose names, or the names of whose nominees, appear on the shareholder lists or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

2. PROCEDURE FOR TENDERING SHARES.

Valid Tender. For Shares to be validly tendered pursuant to the Offer, either (i) a properly completed and duly executed Letter of Transmittal (or facsimile thereof), together with any required signature guarantees, or in the case of a book-entry transfer, an Agent's Message (as defined below), and any other required documents, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date and either certificates for tendered Shares must be received by the Depositary at one of such addresses or such Shares must be delivered pursuant to the procedures for book-entry transfer set forth below (and a Book-Entry Confirmation (as defined below) received by the

Depositary), in each case prior to the Expiration Date or (ii) the tendering shareholder must comply with the guaranteed delivery procedures set forth below.

The Depositary will establish accounts with respect to the Shares at The Depository Trust Company and the Philadelphia Depository Trust Company (each, a "Book-Entry Transfer Facility" and, collectively, the "Book-Entry Transfer Facilities") for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in any of the Book-Entry Transfer Facilities' systems may make book-entry delivery of Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depositary's account in accordance with that Book-Entry Transfer Facility's procedure for such transfer. However, although delivery of Shares may be effected through book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility, the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message, and any other required documents must, in any case, be transmitted to, and received by, the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the tendering shareholder must comply with the guaranteed delivery procedures described below. The confirmation of a book-entry transfer of Shares into the Depositary's account at a Book-Entry Transfer Facility as described above is referred to herein as a "Book-Entry Confirmation." DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH SUCH BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

The term "Agent's Message" means a message transmitted by a Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

THE METHOD OF DELIVERY OF SHARES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE ELECTION AND RISK OF THE TENDERING SHAREHOLDER. SHARES WILL BE DEEMED DELIVERED ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY (INCLUDING, IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION). IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Signature Guarantees. No signature guarantee is required on the Letter of Transmittal (i) if the Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Section, includes any participant in any of the Book Entry Transfer Facilities' systems whose name appears on a security position listing as the owner of the Shares) of Shares tendered therewith and such registered holder has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal or (ii) if such Shares are tendered for the account of a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (each, an "Eligible Institution" and, collectively, "Eligible Institutions"). In all other cases, all signatures on Letters of Transmittal must be guaranteed by an Eligible Institution. See Instructions 1 and 5 to the Letter of Transmittal. If the certificates for Shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for Shares not tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, then the tendered certificates for such Shares must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed as aforesaid. See Instructions 1 and 5 to the Letter of Transmittal.

Guaranteed Delivery. If a shareholder desires to tender Shares pursuant to the Offer and such shareholder's certificates for Shares are not immediately available or the procedures for book-entry transfer

cannot be completed on a timely basis or time will not permit all required documents to reach the Depositary prior to the Expiration Date, such shareholder's tender may be effected if all the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser, is received by the Depositary, as provided below, prior to the Expiration Date; and

(iii) the certificates for all physically tendered Shares, in proper form for transfer (or a Book-Entry Confirmation with respect to all such Shares), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other required documents are received by the Depositary within three trading days after the date of execution of such Notice of Guaranteed Delivery. A "trading day" is any day on which the New York Stock Exchange (the "NYSE") is open for business.

The Notice of Guaranteed Delivery may be delivered by hand to the Depositary or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of (i) certificates for (or a timely Book-Entry Confirmation with respect to) such Shares, (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message and (iii) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when certificates for Shares or Book-Entry Confirmations with respect to

Shares are actually received by the Depositary. UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE TO BE PAID BY THE PURCHASER FOR THE SHARES, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING SUCH PAYMENT.

The valid tender of Shares pursuant to one of the procedures described above will constitute a binding agreement between the tendering shareholder and the Purchaser upon the terms and subject to the conditions of the Offer.

Appointment. By executing the Letter of Transmittal as set forth above, the tendering shareholder will irrevocably appoint designees of the Purchaser, and each of them, as such shareholder's attorneys-in-fact and proxies in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of such shareholder's rights with respect to the Shares tendered by such shareholder and accepted for payment by the Purchaser and with respect to any and all other Shares or other securities or rights issued or issuable in respect of such Shares on or after May 4, 1998. All such proxies will be considered coupled with an interest in the tendered Shares. Such appointment will be effective when, and only to the extent that, the Purchaser accepts for payment Shares tendered by such shareholder as provided herein. Upon such appointment, all prior powers of attorney, proxies and consents given by such shareholder with respect to such Shares or other securities or rights will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given by such shareholder (and, if given, will not be deemed effective). The designees of the Purchaser will thereby be empowered to exercise all voting and other rights with respect to such Shares and other securities or rights, including, without limitation, in respect of any annual, special or adjourned meeting of the Company's shareholders, actions by written consent in lieu of any such meeting or otherwise, as they in their sole discretion deem proper. The Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser must be able to exercise full voting, consent and other rights with respect to such Shares and other related securities or rights, including voting at any meeting of shareholders.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares will be determined by the Purchaser in its sole discretion, which determination will be final and binding. The Purchaser reserves the absolute right to reject any or all tenders of any Shares determined by it not to be in proper form or the acceptance for payment of, or payment for which

may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right, subject to the provisions of the Merger Agreement, to waive any of the conditions of the Offer or any defect or irregularity in the tender of any Shares of any particular shareholder, whether or not similar defects or irregularities are waived in the case of other shareholders. No tender of Shares will be deemed to have been validly made until all defects or irregularities relating thereto have been cured or waived. None of the Purchaser, Parent, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. The Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding.

Backup Withholding. In order to avoid "backup withholding" of U.S. federal income tax on payments of cash pursuant to the Offer, a shareholder surrendering Shares in the Offer must, unless an exemption applies, provide the Depositary with such shareholder's correct taxpayer identification number ("TIN") on a Substitute Form W-9 and certify under penalties of perjury that such TIN is correct and that such shareholder is not subject to backup withholding. If a shareholder does not provide such shareholder's correct TIN or fails to provide the certifications described above, the Internal Revenue Service (the "IRS") may impose a penalty on such shareholder and payment of cash to such shareholder pursuant to the Offer may be subject to backup withholding of 31%. All shareholders surrendering Shares pursuant to the Offer should complete and sign the main signature form and the Substitute Form W-9 included as part of the Letter of Transmittal to provide the information and certification necessary to avoid backup withholding (unless an applicable exemption exists and is proved in a manner satisfactory to the Purchaser and the Depositary). Certain shareholders

(including, among others, all corporations and certain foreign individuals and entities) are not subject to backup withholding. Foreign shareholders, if exempt, should complete and sign the main signature form and a Form W-8, Certificate of Foreign Status, a copy of which may be obtained from the Depositary, in order to avoid backup withholding. See Instruction 9 to the Letter of Transmittal.

3. WITHDRAWAL RIGHTS.

Except as otherwise provided in this Section 3, tenders of Shares are irrevocable. Shares tendered pursuant to the Offer may be withdrawn pursuant to the procedures set forth below at any time prior to the Expiration Date and, unless theretofore accepted for payment and paid for by the Purchaser pursuant to the Offer, may also be withdrawn at any time after Thursday, July 2, 1998.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission of the notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase and must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from the name of the person who tendered the Shares. If certificates for Shares have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such Shares have been tendered by an Eligible Institution, the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been delivered pursuant to the procedures for book-entry transfer as set forth in Section 2, any notice of withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with such Book-Entry Transfer Facility's procedures. Withdrawals of tenders of Shares may not be rescinded, and any Shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by again following one of the procedures described in Section 2 any time on or prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser in its sole discretion, which determination will be final and binding. None of the Purchaser, Parent, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

4. ACCEPTANCE FOR PAYMENT AND PAYMENT.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will accept for payment and will pay, promptly after the Expiration Date, for all Shares validly tendered prior to the Expiration Date and not properly withdrawn in accordance with Section 3. All determinations concerning the satisfaction of such terms and conditions will be within the Purchaser's reasonable discretion, which determinations will be final and binding. See Sections 1 and 14. The Purchaser expressly reserves the right, in its sole discretion, to delay acceptance for payment of or payment for Shares in order to comply in whole or in part with any applicable law, including, without limitation, the HSR Act. Any such delays will be effected in compliance with Rule 14e-1(c) under the Exchange Act (relating to a bidder's obligation to pay for or return tendered securities promptly after the termination or withdrawal of such bidder's offer).

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates for such Shares (or a timely Book-Entry Confirmation with respect thereto), (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and (iii) any other documents required by the Letter of Transmittal. The per Share consideration paid to any shareholder pursuant to the Offer will be the highest per Share consideration paid to any other shareholder pursuant to the Offer.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares properly tendered to the Purchaser and not withdrawn as, if and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance for payment of such Shares. Payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payment from the Purchaser and transmitting payment to tendering shareholders. UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE TO BE PAID BY THE PURCHASER FOR THE SHARES, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING SUCH PAYMENT.

If the Purchaser is delayed in its acceptance for payment of, or payment for, Shares or is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer (including such rights as are set forth in Sections 1 and 14) (but subject to compliance with Rule 14e-1(c) under the Exchange Act), the Depositary may, nevertheless, on behalf of the Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent tendering shareholders are entitled to exercise, and duly exercise, withdrawal rights as described in Section 3.

If any tendered Shares are not purchased pursuant to the Offer for any reason, certificates for any such Shares will be returned, without expense to the tendering shareholder (or, in the case of Shares delivered by book-entry transfer of such Shares into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in Section 2, such Shares will be credited to an account maintained at the appropriate Book-Entry Transfer Facility), as promptly as practicable after the expiration or termination of the Offer.

5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES.

The receipt of cash for Shares pursuant to the Offer or the Merger will be a taxable transaction for U.S. federal income tax purposes and also may be a taxable transaction under state, local or foreign tax laws. Accordingly, a shareholder who tenders Shares in the Offer or receives cash in exchange for Shares in the Merger (including as a result of perfecting his dissenters' rights under the WBCL) will recognize gain or loss for federal income tax purposes equal to the difference, if any, between the amount of cash received and the shareholder's tax basis in the Shares sold. Gain or loss will be determined separately for each block of Shares (i.e., Shares acquired at the same time and price) exchanged pursuant to the Offer or the Merger. Such gain or loss generally will be capital gain or loss if the Shares disposed of were held as capital assets by the shareholder, and will be long-term capital gain or loss if the Shares disposed of were held for more than one year at the date of sale or the Expiration Date (in the case of the Offer) or on the date of the Merger (in the case of the Merger), as the case may be. In addition, the Taxpayer Relief Act of 1997 could affect the federal

income tax consequences of the Offer and Merger in that, among other things, it reduces the maximum rate of federal income tax on capital gains of individual taxpayers for capital assets held more than 18 months. Shares held less than one year may be subject to ordinary income tax rates of up to 39.6% for individuals.

The foregoing summary constitutes a general description of certain U.S. federal income tax consequences of the Offer and the Merger without regard to the particular facts and circumstances of each shareholder of the Company and is based on the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Department Regulations issued pursuant thereto and published rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Special tax consequences not described herein may be applicable to certain shareholders subject to special tax treatment (including insurance companies, tax-exempt organizations, financial institutions or broker dealers, foreign shareholders and shareholders who have acquired their Shares pursuant to the exercise of employee stock options or otherwise as compensation). ALL SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO SPECIFIC TAX EFFECTS APPLICABLE TO THEM OF THE OFFER AND THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF THE ALTERNATIVE MINIMUM TAX AND ANY STATE, LOCAL AND FOREIGN TAX LAWS.

6. PRICE RANGE OF THE SHARES; DIVIDENDS ON THE SHARES.

The Shares are currently listed on the American Stock Exchange (the "AMEX") under the symbol "HNW." The following table sets forth, for each of the periods indicated, the high and low closing sales price per Share on the AMEX.

	HIGH	LOW
1996:		
First Quarter	$6.375	$4.250
Second Quarter	8.750	5.813
Third Quarter	8.000	5.750
Fourth Quarter	7.250	6.250
1997:		
First Quarter	$7.500	$6.375
Second Quarter	8.250	6.375
Third Quarter	8.375	7.250
Fourth Quarter	8.375	6.875
1998:		
First Quarter	$8.000	$6.625
Second Quarter (through May 1, 1998)	12.563	6.625

On April 27, 1998, the last full trading day prior to the public announcement of the execution of the Merger Agreement by the Company, Parent and Purchaser, the closing sales price of the Shares on the AMEX was $8.250 per Share. On May 1, 1998, the last full trading day prior to the commencement of the Offer, the closing sales price of the Shares on the AMEX was $12.438 per Share. SHAREHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

The Company paid a 5% stock dividend on (i) January 24, 1997 to shareholders of record on January 3, 1997 and (ii) January 23, 1998 to shareholders of record on January 2, 1998. The Company's current credit agreement contains a restriction against the payment of cash dividends. The Merger Agreement provides that, without the prior written consent of Parent, the Company will not declare, set aside or pay any dividend on or make any other distribution in respect of its capital stock. See Section 11.

7. EFFECT OF THE OFFER ON THE MARKET FOR THE SHARES; EXCHANGE LISTING; EXCHANGE ACT REGISTRATION; MARGIN REGULATIONS.

Market for the Shares. The purchase of Shares pursuant to the Offer will reduce the number of holders of Shares and the number of Shares that might otherwise trade publicly and, depending upon the number of Shares so purchased, could adversely effect the liquidity and market value of the remaining Shares held by the public.

Exchange Listing. The Shares are currently listed on the AMEX. Depending upon the aggregate market value of Shares not acquired pursuant to the Offer and the number of Shares held by other parties, the Shares may no longer meet the requirements for continued listing on the AMEX and may be delisted from the AMEX. AMEX-published guidelines indicate that the AMEX would consider delisting the Shares in the event that, among other things, the number of record holders of 100 or more Shares fell below 300, the number of publicly held Shares (exclusive of concentrated holdings and those of officers and directors) fell below 200,000 or the aggregate market value of the publicly held Shares fell below $1.0 million. As of March 27, 1998, there were 568 holders of record of Shares, holding 2,908,899 Shares.

If the AMEX were to delist the Shares, it is possible that the Shares would trade on another securities exchange or in the over-the-counter market and that price quotations for the Shares would be reported by such exchange or by other sources. If the Shares were to trade on another exchange or market, the extent of the public market for the Shares and availability of such quotations would depend upon such factors as the number of holders of Shares and the aggregate market value of the Shares remaining publicly held at such time, the interest of securities firms in maintaining a market in the Shares, the possible termination of registration of the Shares under the Exchange Act, as described below, and

other factors.

Exchange Act Registration. The Shares currently are registered under the Exchange Act. Registration of the Shares under the Exchange Act may be terminated upon application of the Company to the Commission if the Shares are neither listed on a national securities exchange nor held by 300 or more holders of record. Termination of registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to its shareholders and to the Commission and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement pursuant to Section 14(a) in connection with shareholders' meetings and the related requirement of furnishing an annual report to shareholders and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable to the Company. Furthermore, the ability of "affiliates" of the Company and persons holding "restricted securities" of the Company to dispose of such securities pursuant to Rule 144 or Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), may be impaired or eliminated. If registration of the Shares under the Exchange Act were terminated, the Shares would no longer be "margin securities" or be eligible for continued listing on the AMEX.

If registration of the Shares is not terminated prior to the Merger, then the Shares will cease to be listed on the AMEX and the registration of the Shares under the Exchange Act will be terminated following the consummation of the Merger.

Margin Regulations. The Shares are presently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which status has the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, the Shares would no longer constitute "margin securities" for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers.

8. CERTAIN INFORMATION CONCERNING THE COMPANY.

General. The information concerning the Company contained in this Offer to Purchase, including that set forth below under the caption "Selected Consolidated Financial Data," has been furnished by the Company or has been taken from or based upon publicly available documents and records on file with the Commission and other public sources. Neither Parent nor the Purchaser assumes responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Parent or the Purchaser.

The Company designs, manufactures, markets and sells proprietary collision repair equipment worldwide, with operations centered in North America and in Europe. The Company is a Wisconsin corporation with its

principal executive offices at 2120 Pewaukee Road, Waukesha, Wisconsin. The telephone number of the Company at such location is (414) 542-6611.

Selected Consolidated Financial Data. Set forth below is certain selected consolidated financial data with respect to the Company, excerpted or derived from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, as filed with the Commission pursuant to the Exchange Act.

More comprehensive financial information is included in such report and in other documents filed by the Company with the Commission. The following summary is qualified in its entirety by reference to such report and other documents and all of the financial information (including any related notes) contained therein. Such report and other documents may be inspected and copies may be obtained from the Commission in the manner set forth under "Available Information" below.

SELECTED CONSOLIDATED FINANCIAL DATA
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FISCAL YEARS ENDED DECEMBER 31,				
	1997	1996	1995	1994	1993
Income Statement of Data					
Net sales from continuing operations.....	$39,037	$41,696	$41,819	$36,615	$33,515
Net income (loss) from continuing operations.....	1,337	1,908	892	281	(1,622)
Net income (loss).....	6,299	2,176	1,013	827	(1,576)
Earnings per share from continuing operations-basic.....	0.46	0.66	0.31	0.10	(0.56)
Earnings per share-basic.....	2.17	0.75	0.35	0.29	(0.55)
Earnings per share from continuing operations-diluted.....	0.42	0.57	0.26	0.08	(0.56)(1)
Earnings per share-diluted.....	1.96	0.69	0.32	0.24	(0.55)(1)

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(1) Diluted earnings per share was anti-dilutive for this period.

Per share data has been restated to give effect to stock dividends paid through January 23, 1998.

	DECEMBER 31,				
	1997	1996	1995	1994	1993
Balance Sheet Data					
Total assets.....	$37,348	$45,598	$49,657	$46,101	$45,345
Long-term debt, excluding current installments.....	310	10,161	10,902	13,256	14,071
Cash dividends declared per common share.....	$ --	$ --	$ --	$ --	$ --

Available Information. The Company is subject to the informational requirements of the Exchange Act, and in accordance therewith, files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities of the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, Suite 1300, New York, New York 10048 and Suite 1400, Citicorp Center, 14th Floor, 500 West Madison Street, Chicago, Illinois 60661. Copies of such material can also be obtained at prescribed rates by writing to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. In addition, such reports, proxy statements and other information concerning the Company can be inspected at the library of the AMEX, 86 Trinity Place, New York, N.Y. 10006. The Commission maintains a Web site (located at http://www.sec.gov) which includes reports, proxy statements and other information filed electronically by registrants with the Commission.

9. CERTAIN INFORMATION CONCERNING PARENT AND THE PURCHASER.

Parent is a leading manufacturer and distributor of high-quality hand tools, power tools, tool storage products, diagnostics equipment, shop equipment, emissions/safety equipment, collision repair equipment and systems, diagnostics software, business management software for automotive repair shops and related products and services. Parent's mission is to create value by providing innovative solutions to the transportation service and industrial markets worldwide; therefore, Parent's products and services are used mainly by professional technicians and managers in vehicle service and industrial applications. Customers include professional technicians, independent automotive repair and body shops, franchised service centers, specialty repair shops,

automotive dealerships, vehicle manufacturers, industrial and government entities and other professional tool and equipment users.

The Purchaser is a newly incorporated Wisconsin corporation organized in connection with the Offer and the Merger and has not carried on any activities other than in connection with the Offer and the Merger. All of the outstanding capital stock of the Purchaser is owned indirectly by Parent. Until immediately prior to the time the Purchaser purchases Shares pursuant to the Offer, it is not anticipated that the Purchaser will have any significant assets or liabilities or engage in activities other than those incident to its formation and capitalization and the transactions contemplated by the Offer and the Merger.

The principal offices of the Purchaser and Parent are located at 10801 Corporate Drive, Kenosha, Wisconsin 53141-1430. The telephone number of Parent and the Purchaser at such location is (414) 656-5200.

Except as set forth in this Offer to Purchase, neither the Purchaser, Parent, any of their respective affiliates nor, to the best of their knowledge, any of the persons listed on Schedule I, has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies. The Company and certain subsidiaries of Parent have from time to time engaged in commercial transactions in the ordinary course of their respective businesses. On December 30, 1996, John Bean Company, a subsidiary of Parent, and the Company entered into an exclusive, multi-year contract, pursuant to which the Company's Winona Van Norman Division agreed to manufacture certain brake lathes, stands and accessories for John Bean Company. Such contract resulted in revenues to the Company of approximately $557,000 during fiscal 1997. The Company sold the Winona Van Norman division on August 28, 1997. Except as set forth in this Offer to Purchase, neither the Purchaser nor Parent, nor to the best of the knowledge of the Purchaser and Parent, any of the persons listed on Schedule I, has entered into any transaction with the Company, or any of the Company's affiliates which are corporations, since the commencement of the Company's third full fiscal year preceding the date of this Statement, the aggregate amount of which was equal to or greater than one percent of the consolidated revenues of the Company for (i) the fiscal year in which such transaction occurred, or (ii) the portion of the current fiscal year which has occurred if the transaction occurred in such year. Except as set forth in this Offer to Purchase, neither the Purchaser, Parent, any of their respective affiliates, nor, to the best of their knowledge, any of the persons listed on Schedule I, has had, since December 31, 1994, any business relationships or transactions with the Company or any of its executive officers, directors or affiliates that would require reporting under the rules of the Commission. Except as set forth in this Offer to Purchase, since December 31, 1994, there have been no contacts, negotiations or transactions between the Purchaser, Parent, any of their respective affiliates or, to the best of their knowledge, any of the persons listed on Schedule I, and the Company or its affiliates concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors or a sale or other transfer of a material amount of assets.

Additional information concerning Parent is set forth in Parent's Annual Report on Form 10-K for the fiscal year ended January 3, 1998, which report may be obtained from the Commission in the manner set forth under "Available Information," below.

Available Information. Parent is subject to the informational requirements of the Exchange Act, and in accordance therewith, files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities

of the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, Suite 1300, New York, New York 10048 and Suite 1400, Citicorp Center, 14th Floor, 500 West Madison Street, Chicago, Illinois 60661. Copies of such material can also be obtained at prescribed rates

by writing to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. In addition, such reports, proxy statements and other information concerning Parent can be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The Commission maintains a Web site (located at http://www.sec.gov) which includes reports, proxy statements and other information filed electronically by registrants with the Commission.

10. SOURCE AND AMOUNT OF FUNDS.

The Purchaser estimates that the total funds required to purchase all Shares validly tendered pursuant to the Offer, consummate the Merger and pay all related costs and expenses will be approximately $44 million, including the repayment of certain of the Company's indebtedness. The Purchaser will obtain such funds from Parent by means of capital contributions, loans or a combination thereof. Parent plans to obtain the funds for such capital contributions or loans from available borrowings under Parent's existing unsecured lines of credit with Firstar Bank Milwaukee, N.A. (the "Firstar Line of Credit") and The First National Bank of Chicago (the "'FNBC Line of Credit"), which provide for maximum borrowings in an aggregate principal amount of up to $31 million and $50 million, respectively.

Advances under the Firstar Line of Credit bear interest, at Parent's election, at a rate equal to either (i) the bank's announced prime rate in effect from time to time, payable monthly until demand or (ii) a fixed rate and for such term as may be quoted by the bank and agreed to by Parent. The Firstar Line of Credit may be terminated by either party at any time. Advances under the FNBC Line of Credit bear interest, at Parent's election, at a rate equal to either (i) the bank's corporate base rate announced from time to time, payable monthly and on demand or (ii) subject to availability and for a maturity to be agreed upon, such other fixed rate as the parties may mutually agree upon. The FNBC Line of Credit may be terminated by either party at any time. No plans or arrangements have been made to refinance or repay borrowings under the Firstar Line of Credit or the FNBC Line of Credit. It is anticipated that any borrowings incurred by Parent in connection with the Offer will be repaid from internally generated funds of Parent, the Purchaser and the Company and/or refinanced in the private or public markets.

11. BACKGROUND OF THE OFFER; THE MERGER AGREEMENT AND CERTAIN OTHER AGREEMENTS.

The following description was prepared by Parent and the Company. Information about the Company was provided by the Company and neither the Purchaser nor Parent takes any responsibility for the accuracy or completeness of any information regarding meetings or discussions in which the Purchaser, Parent or their representatives did not participate.

BACKGROUND OF THE OFFER

From time to time over the last several years, Robert A. Cornog, Chairman, President and Chief Executive Officer of Parent, contacted Joseph L. Dindorf, President and Chief Executive Officer of the Company, to express Parent's interest in exploring the possibility of a business combination with the Company. On these occasions, Mr. Dindorf indicated that the Company was not then considering a sale or other extraordinary corporate transaction.

In early 1996, Parent and the Company began preliminary discussions regarding the possibility of a potential business combination and, in connection therewith, entered into a confidentiality agreement under which Parent was furnished with certain limited financial and business information concerning the Company. During the period from November 1995 through April 1996, representatives of Parent held various discussions with Mr. Dindorf during which Mr. Dindorf responded to various questions from representatives of Parent. In July 1996, the Company and Parent agreed to terminate these preliminary discussions.

Prior to and following the termination of the foregoing discussions, the Company analyzed various potential strategic options that might be available to the Company, including possible divestitures of one or more of its operating divisions and possible business combinations or alliances with other manufacturing companies. In 1997, pursuant to the Company's long-range restructuring plan, the Company sold its Great Bend Industries Division and its

Winona Van Norman Division, used the proceeds of such divestitures to pay off virtually all of its debt and hired an outside consultant to assist the Company with strategic planning and the evaluation of acquisition candidates.

On March 3, 1998, Mr. Cornog called Mr. Dindorf to express Parent's renewed interest in exploring a possible business combination with the Company and his willingness to meet and discuss the terms of such a possible transaction. Mr. Dindorf reiterated that the Company was not considering a sale and declined to meet with Mr. Cornog, but said he would discuss with the Board of Directors of the Company the possibility of having a meeting. Following this conversation, Mr. Cornog sent Mr. Dindorf a letter again expressing Parent's interest regarding a potential business combination with the Company.

On March 12, 1998, a meeting of the Board of Directors of the Company was held during which Mr. Dindorf informed the Company's Board of Directors of his conversation with Mr. Cornog. After reviewing various matters, including the Company's recent financial performance and its long-range strategic plan, the Board of Directors of the Company directed Mr. Dindorf to advise Parent that the Company was not currently interested in pursuing a business combination and that the Board of Directors of the Company had determined that it was in the best long-term interests of the Company's shareholders for the Company to carry out its long-range restructuring plan. On March 19, 1998, Mr. Dindorf reported to representatives of Parent the decision of the Company's Board of Directors.

On March 27, 1998, notwithstanding the Company's prior communication, Mr. Cornog telephoned Mr. Dindorf and expressed a strong interest in Parent effecting a business combination with the Company at a significant premium above the Company's current market price. After discussing the matter with the Company's directors, Mr. Dindorf agreed to a meeting with Mr. Cornog. On March 30, 1998, Messrs. Cornog and Dindorf met and discussed a variety of issues regarding a possible business combination, including a preliminary range of possible values. At the conclusion of the meeting, Mr. Dindorf agreed to convene a meeting of the Company's Board of Directors to consider Parent's expression of interest.

On April 3, 1998, the Company's Board of Directors received a letter from Parent setting forth a preliminary proposal pursuant to which Parent would acquire all of the shares of the Company for $11.75 per share in cash. On that same day, the Board of Directors of the Company met and reviewed with management and the Company's outside counsel, Foley & Lardner, the options available to the Company. At the conclusion of the meeting, the Board of Directors of the Company directed management to retain Credit Suisse First Boston Corporation ("CSFB") as the Company's financial advisor to assist the Board in evaluating Parent's offer and to explore the Company's strategic alternatives.

During the course of the next several days, CSFB met with the Company's management to review various alternatives available to the Company and also compiled, with the assistance of the Company's management, a list of entities that, in addition to Parent, may have an interest in effecting a business combination with the Company. Thereafter, CSFB contacted the various entities identified by Company management and CSFB to determine their interest in effecting a business combination with the Company. Following several preliminary discussions, each of the entities contacted ultimately advised CSFB that it was not presently interested in pursuing such a business combination. During this time, CSFB also engaged in discussions with Parent's financial advisors regarding a potential transaction with Parent.

On April 15, 1998, the Board of Directors of the Company met to discuss the status of discussions with the various parties contacted by CSFB as well as the discussions between Parent and the Company. CSFB and the Company's management reviewed with the directors the steps taken to date. At this meeting, CSFB reported to the Board of Directors on various financial analyses it had undertaken, and Foley & Lardner reviewed with the directors their fiduciary duties in connection with the consideration of a business combination. At the conclusion of the meeting, the Board authorized the Company and its representatives to pursue a negotiated transaction with Parent and Foley & Lardner was directed to prepare a draft merger

agreement for transmittal to Parent providing for Parent's acquisition of the Company for cash. On April 17, 1998, a draft of such an agreement was provided to Parent. At the April 15 meeting, the Board of Directors also approved the extension of employment and severance agreements to selected key employees of

the Company.

Thereafter, representatives of Parent and representatives of the Company as well as Parent's and the Company's respective legal and financial advisors continued to discuss a possible business combination and negotiate the terms of a definitive merger agreement. During this period, the Company's management kept the Board of Directors of the Company informed of the ongoing discussions.

On April 22, 1998, the Board of Directors of the Company met and CSFB and Foley & Lardner updated the Board on the status of discussions between representatives of Parent and the Company. In addition, Foley & Lardner reviewed with the Board the principal terms of the draft agreement that had been provided to Parent.

Beginning on April 23, 1998 and through the afternoon of April 27, 1998, representatives of the Company and the Company's legal advisors met with representatives of Parent and Parent's legal advisors to negotiate the terms of a definitive merger agreement and the related agreements. Following execution of a confidentiality agreement, on April 23, 1998, representatives of Parent met with certain members of senior management of the Company to discuss certain due diligence matters. The negotiations among the parties culminated on April 27, 1998 in the Company and Parent agreeing upon a form of definitive merger agreement and related agreements, subject to approval of the Company's Board of Directors. On the same date, after agreement was reached on a definitive merger agreement, Parent and Mr. Dindorf agreed upon the form of a definitive employment and consulting agreement pursuant to which Mr. Dindorf would remain employed by the Company following the consummation of the transactions contemplated by the Merger Agreement.

Later on April 27, 1998, the Board of Directors of the Company met and reviewed with counsel the final terms of the Merger Agreement, the Stock Option Agreement and the Employment and Consulting Agreement. Counsel also reviewed with the directors their fiduciary obligations in connection with the consideration of a transaction such as the one proposed with Parent. At the April 27 meeting, CSFB delivered its written opinion to the Company's Board of Directors to the effect that, as of such date and based upon and subject to the various considerations set forth in such opinion, the proposed cash purchase price of $12.60 per share to be received by the shareholders of the Company in the Offer and the Merger was fair to such shareholders from a financial point of view. The Board then discussed the presentations it had received at this and other Board meetings and unanimously approved the Merger Agreement and the Stock Option Agreement and the transactions contemplated thereby, and authorized their execution. The Board of Directors also unanimously approved the Employment and Consulting Agreement as well as an amendment to the Change of Control Agreement between the Company and Mr. Dindorf in order to facilitate Mr. Dindorf's entering into the Employment and Consulting Agreement.

On April 27, 1998, the Merger Agreement, the Stock Option Agreement, the Employment and Consulting Agreement and various other transaction documents were executed.

Following execution of the foregoing documents, a joint press release announcing the execution of the definitive agreements was issued by Parent and the Company on April 28, 1998.

MERGER AGREEMENT

The following is a summary of certain provisions of the Merger Agreement. The summary is qualified in its entirety by reference to the Merger Agreement which is incorporated herein by reference and a copy of which has been filed with the Commission as an exhibit to the Schedule 14D-1. The Merger Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 9 of this Offer to Purchase. Capitalized terms used but not defined in this summary of the Merger Agreement have the meanings given to such terms in the Merger Agreement.

The Offer. The Merger Agreement provides that the Purchaser will, and Parent will cause the Purchaser to, commence (within the meaning of Rule 14d-2(a) of the Exchange Act) as promptly as practicable, but in

any event not later than May 4, 1998, the Offer for any and all outstanding Shares not owned by the Purchaser at the Offer Price applicable to such Shares,

net to the seller in cash. The initial expiration date for the Offer is the twentieth business day from and after the date the Offer is commenced, including the date of commencement as the first business day in accordance with Rule 14d-2 under the Exchange Act. The obligation of Parent and the Purchaser to accept for payment or pay for any Shares tendered pursuant to the Offer is subject only to (i) there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which represents at least 66 2/3% of the Shares outstanding on a fully diluted basis (without giving pro forma effect to the potential issuance of any Shares issuable under the Stock Option Agreement) (the "Minimum Condition") and (ii) the satisfaction or waiver of the other conditions set forth in the conditions set forth in Annex I to the Merger Agreement (together with the Minimum Condition, the "Conditions of the Offer"). Without the prior written consent of the Company, the Purchaser will not (i) decrease the Offer Price or change the form of consideration payable in the Offer, (ii) decrease the number of Shares sought to be purchased in the Offer or (iii) amend any other term of the Offer in any manner adverse to the holders of any Shares; provided, however, that if on the initial scheduled Expiration Date, the sole condition remaining unsatisfied is the failure of the waiting period under the HSR Act, to have expired or been terminated, the Purchaser shall, and Parent shall cause the Purchaser to, extend the expiration date from time to time until two business days after the expiration or termination of the waiting period under the HSR Act.

Subject to the terms of the Offer and the Merger Agreement and the satisfaction or waiver of all the Conditions of the Offer as of the Expiration Date, the Purchaser will accept for payment and pay for all Shares validly tendered and not withdrawn pursuant to the Offer as soon as practicable after the Expiration Date.

The Merger. The Merger Agreement provides that, subject to the terms and conditions thereof and in accordance with the applicable provisions of the WBCL, at the Effective Time, the Purchaser will be merged with and into the Company. Following the Merger, the separate corporate existence of the Purchaser will cease and the Company will continue as the Surviving Corporation; provided, however, that upon the mutual agreement of Parent and the Company, the Merger may be structured so that the Company will be merged with and into the Purchaser, with Purchaser continuing as the Surviving Corporation. The Merger will be effected by the filing at the time of Closing of appropriate articles of merger relating to the Merger with the Department of Financial Institutions of the State of Wisconsin.

The Merger Agreement provides that, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, the Purchaser, the Company or the holders thereof, the Shares will be converted into the right to receive the Offer Price in cash, without interest thereon, as soon as is reasonably practicable upon surrender of the certificate formerly representing such Shares (other than any Shares held by Parent, the Purchaser, any wholly-owned subsidiary of Parent or the Purchaser, in the treasury of the Company or by any wholly-owned subsidiary of the Company, which Shares, by virtue of the Merger and without any action on the part of the holder thereof, shall be cancelled and retired and shall cease to exist with no payment being made with respect thereto, and other than Dissenting Shares). At the Effective Time, each share of common stock, par value $1.00 per share, of the Purchaser issued and outstanding immediately prior to the Effective Time will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation. Notwithstanding the foregoing, if Parent and the Company agree to restructure the Merger (as described in the immediately preceding paragraph), then the outstanding shares of the Purchaser's common stock will not be affected in any manner by virtue of the Merger.

The Merger Agreement provides that the articles of incorporation of the Purchaser, as in effect immediately prior to the Effective Time, will be the articles of incorporation of the Surviving Corporation, until thereafter amended in accordance with the provisions thereof and the WBCL. The by-laws of the Purchaser in effect at the Effective Time will be the by-laws of the Surviving Corporation, until thereafter amended in accordance with the provisions thereof and the WBCL.

Vote Required to Approve the Merger. The Merger Agreement provides that if required by the Company's articles of incorporation and/or applicable law in order to consummate the Merger, the Company,

acting through its Board of Directors, will, in accordance with applicable law: (i) duly call, give notice of, convene and hold a special meeting of the Company's shareholders as soon as practicable following the Acceptance Date for the purpose of considering and taking action upon the Merger Agreement; (ii) promptly prepare and file with the Commission a preliminary information or proxy statement relating to the Merger and the Merger Agreement and (x) obtain and furnish the information required to be included by the Commission in the Proxy Statement (as hereinafter defined) and, after consultation with Parent, respond promptly to any comments made by the Commission with respect to the preliminary proxy statement and, subject to compliance with Commission rules and regulations, cause a notice of a special meeting and a definitive information or proxy statement (the "Proxy Statement") to be mailed to the shareholders of the Company no later than the time required by applicable law and the articles of incorporation and the by-laws of the Company, and (y) to obtain the necessary approvals of the Merger and the Merger Agreement by the shareholders of the Company; and (iii) subject to the provisions of the Merger Agreement, include in the Proxy Statement the recommendation of the Board of Directors of the Company that the shareholders of the Company vote in favor of the approval of the Merger and the adoption of the Merger Agreement. Pursuant to the Stock Option Agreement, if the Purchaser owns at least 66 2/3% but less than 90% of the outstanding Shares, the Purchaser may exercise an irrevocable option to purchase from the Company at the Offer Price newly issued Shares in an amount equal to the number of Shares that, when added to the number of Shares owned by the Purchaser and its affiliates immediately following consummation of the Offer, shall constitute 90% of the Shares then outstanding on a fully diluted basis (giving effect to the issuance of the Option Shares). If the Purchaser owns 90% of the outstanding Shares, approval of the Merger can be obtained without the affirmative vote of any other shareholder of the Company.

In the event that (i) Parent, the Purchaser or any other subsidiary of Parent acquires in the aggregate at least 90% of the outstanding Shares pursuant to the Offer (including as a result of the exercise of the Stock Option Agreement) and prior transactions and (ii) Parent and the Company restructure the Merger so that the Company will be merged with and into the Purchaser, the parties to the Merger Agreement will, subject to certain conditions, take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the acceptance for payment of and payment for Shares by the Purchaser pursuant to the Offer without a meeting of the shareholders of the Company, in accordance with Section 180.1104 of the WBCL.

Conditions to the Merger. The respective obligations of Parent, the Purchaser and the Company to consummate the Merger and the transactions contemplated thereby, if the Offer shall have been consummated, are subject to the satisfaction or waiver in writing, at or before the Effective Time, of certain conditions, including: (i) to the extent required under the Company's articles of incorporation or applicable law, the shareholders of the Company shall have duly approved the transactions contemplated by the Merger Agreement; (ii) the consummation of the Merger shall not be restrained, enjoined or prohibited by any order, judgment, decree, injunction or ruling of a court of competent jurisdiction or any Governmental Entity, and there shall not have been any statute, rule or regulation enacted, promulgated or deemed applicable to the Merger by any Governmental Entity which prevents the consummation of the Merger; and (iii) the Purchaser shall have accepted for payment and paid for Shares tendered pursuant to the Offer in accordance with the terms of the Merger Agreement (however, this condition is not applicable to the obligations of Parent or the Purchaser if the Purchaser fails to accept for payment or pay for Shares tendered pursuant to the Offer in violation of the terms of the Offer).

Representations and Warranties. The Merger Agreement contains various representations and warranties of the parties. These include representations and warranties by the Company with respect to, among other things, (i) organization, qualification and subsidiaries, (ii) articles of incorporation and by-laws, (iii) capitalization, (iv) authority, (v) no conflict, required filings and consents, (vi) SEC reports and financial statements, (vii) information, (viii) tax matters, (ix) no litigation, (x) compliance with applicable laws, (xi) labor matters, (xii) employee benefit plans, (xiii) intellectual property, (xiv) certain events, (xv) certain approvals, (xvi) brokers, (xvii) opinion of financial advisor, (xviii) rights agreement, (xix) title to assets, (xx) buildings and equipment, (xxi) vote required, (xxii) certain agreements, (xxiii) applicability of articles of incorporation and (xiv) contracts.

Parent and the Purchaser also have made certain representations and warranties with respect to, among other things, (i) organization and qualification, (ii) authority, (iii) no conflict, required filings and consents, (iv) information, (v) adequate financing, (vi) brokers, (vii) the Purchaser and (viii) share ownership.

Directors. The Merger Agreement provides that promptly upon the payment by the Purchaser for Shares pursuant to the Offer, and from time to time thereafter, the Purchaser will be entitled to designate such number of directors, rounded up to the next whole number, on the Board of Directors of the Company as is equal to the product of the total number of directors on the Board of Directors of the Company (determined after giving effect to the directors designated by the Purchaser pursuant to this sentence) multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser or its affiliates bears to the total number of Shares then outstanding, and the Company will, subject to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, upon request of the Purchaser, promptly take all actions necessary to cause the Purchaser's designees to be so elected, including, if necessary, promptly increasing the size of the Board of Directors of the Company or seeking the resignations of one or more existing directors, or both; provided, however, that prior to the Effective Time, the Board of Directors of the Company will always have at least two members who are neither officers, directors, shareholders or designees of the Purchaser or any of its affiliates ("Purchaser Insiders"). If the number of directors who are not Purchaser Insiders is reduced below two for any reason prior to the Effective Time, then the remaining directors who are not Purchaser Insiders (or if there is only one director who is not a Purchaser Insider, the remaining director who is not a Purchaser Insider) will be entitled to designate a person (or persons) to fill such vacancy (or vacancies) who is not an officer, director, shareholder or designee of the Purchaser or any of its affiliates and who will be a director not deemed to be a Purchaser Insider for all purposes of the Merger Agreement. At such time, the Company will, if requested by the Purchaser, also cause persons designated by the Purchaser to constitute at least the same percentage (rounded up to the next whole number) as is on the Board of Directors of the Company of each committee of the Board of Directors of the Company; provided, however, that prior to the Effective Time each committee of the Board of Directors of the Company shall have at least one member who is not a Purchaser Insider. The Company's obligation to appoint the Purchaser's designees to the Board of Directors of the Company is subject to Section 14(f) of the Exchange Act and Rule 14f-1 thereunder. The Company will promptly take all actions required pursuant to such Section and Rule in order to fulfill its obligations. From and after the election or appointment of the Purchaser's designees and prior to the Effective Time, any amendment or termination of the Merger Agreement by the Company, any extension by the Company of the time for the performance of any of the obligations or other acts of Parent or the Purchaser or waiver of any of the Company's rights under the Merger Agreement, or any other action taken by the Board of Directors of the Company in connection with the Merger Agreement, will require the concurrence of a majority of the directors of the Company then in office who are not Purchaser Insiders.

Indemnification and Insurance. The Merger Agreement provides as follows:

(a) The Purchaser and Parent agree that for a period of six years from the Acceptance Date, the Purchaser will maintain all rights to indemnification now existing in favor of the current or former directors, officers, employees, fiduciaries and agents of the Company as provided in the Company's articles of incorporation and by-laws or otherwise in effect under any agreement on the date of the Merger Agreement. In addition, the Purchaser and Parent agree that the articles of incorporation and by-laws of the Surviving Corporation shall contain the provisions with respect to indemnification set forth in the Company's articles of incorporation and by-laws on the date of the Merger Agreement, which provisions will not be amended, repealed or otherwise modified for a period of six years after the Acceptance Date in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of the Company in respect of actions or omissions occurring at or prior to the Effective Time (including without limitation, the transactions contemplated by the Merger Agreement), unless such modification is required by law. Notwithstanding the six-year period specified in the foregoing sentences, in the event any claim or claims are asserted or made within such six-year period, all rights to indemnification in respect of any such claim or claims shall continue until disposition of any and all such claims.

(b) The Surviving Corporation will at all times exercise the powers granted to it by its articles of incorporation, its by-laws, and by applicable law to indemnify and hold harmless to the fullest extent possible present or former directors, officers, employees, fiduciaries and agents of the Company against any threatened or actual claim, action, suit, proceeding or investigation made against them arising from their service in such capacities (or service in such capacities for another enterprise at the request of the Company) prior to, and including the Acceptance Date, including, without limitation, with respect to matters relating to the Merger Agreement.

(c) In addition to the foregoing, Parent agrees that the Company and, from and after the Acceptance Date, the Surviving Corporation shall cause to be maintained in effect for not less than six years from the Acceptance Date, the current policies of the directors' and officers' liability insurance maintained by the Company with respect to matters occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by the Merger Agreement); provided that the Surviving Corporation may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous and provided that such substitution shall not result in any gaps or lapses in coverage with respect to matters occurring prior to the Effective Time; and provided, further, that the Surviving Corporation will not be required to pay an annual premium in excess of 200% of the last annual premium paid by the Company prior to the date of the Merger Agreement and if the Surviving Corporation is unable to obtain the insurance required by this paragraph it will obtain as much comparable insurance as possible for an annual premium equal to such maximum amount.

Covenants. The Merger Agreement contains various covenants of the parties thereto, including covenants as to, among other things, the conduct of the business of the Company, as described in further detail below, during the period from the date of the Merger Agreement to the Closing Date or termination of the Merger Agreement.

Conduct of Business of the Company. Except as required by the Merger Agreement or with the prior written consent of Parent, during the period from the date of the Merger Agreement to the Effective Time, the Company will and will cause each of its subsidiaries to conduct its operations only in the ordinary course of business consistent with past practice and will use its commercially reasonable efforts and will cause each of its subsidiaries to use its commercially reasonable efforts, to preserve intact the business organization of the Company and each of its subsidiaries, to use, operate, maintain and repair all of its assets and properties in a normal business manner consistent with past practice, to keep available the services of its and their present officers and key employees and to preserve the goodwill of those having business relationships with the Company and to conduct business with suppliers, customers, creditors and others having business relationships with the Company in the best interests of the Company. Without limiting the generality of the foregoing, and except as otherwise required or contemplated by the Merger Agreement or the Stock Option Agreement, the Company will not, and will not permit any of its subsidiaries to, prior to the Effective Time, without the prior written consent of Parent: (a) adopt any amendment to its charter or by-laws or comparable organizational documents; (b) issue, reissue or sell or authorize the issuance, reissuance or sale of additional shares of capital stock of any class, or shares convertible into capital stock of any class, or any rights, warrants or options to acquire any convertible shares or capital stock, other than the issuance of Shares pursuant to Options outstanding on the date of the Merger Agreement or pursuant to the Stock Option Agreement; (c) declare, set aside or pay any dividend or other distribution (whether in cash, shares or property or any combination thereof) in respect of any class or series of its capital stock other than between any of the Company and any subsidiary which is wholly-owned by the Company; (d) split, combine, subdivide, reclassify or directly or indirectly redeem, purchase or otherwise acquire, recapitalize or reclassify, or propose to redeem or purchase or otherwise acquire, any shares of its capital stock or any of its other shares or liquidate in whole or in part; (e) except for (i) increases in salary, wages and benefits of non-executive officers or employees of the Company or its subsidiaries in the ordinary course of business consistent with past practice, (ii) increases in salary, wages and benefits granted to officers and employees of the Company or its subsidiaries in

conjunction with new hires in the ordinary course of business consistent with past practice or (iii) increases in salary, wages and benefits to employees of the Company or its subsidiaries pursuant to collective bargaining agreements entered into in the ordinary course of business consistent with past practice, (A) increase the

compensation or fringe benefits payable or to become payable to its directors, officers or key employees (whether from the Company or any of its subsidiaries), (B) pay any benefit not required by any existing plan or arrangement (including, without limitation, the granting of stock options, stock appreciation rights, shares of restricted stock or performance units), (C) grant any severance or termination pay to (except pursuant to existing agreements, plans or policies and as required by such agreements, plans or policies) any director, officer or other key employee of the Company or any of its subsidiaries, (D) enter into or modify any employment or severance agreement with any director, officer or other key employee of the Company or any of its subsidiaries or (E) establish, adopt, enter into, or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock or company benefit plans for the benefit or welfare of any directors, officers or current or former employees, except in each case to the extent required by applicable law or regulation; (f) (i) sell, lease, transfer or assign any of its assets, tangible or intangible, other than for a fair consideration in the ordinary course of business and other than the disposition of obsolete or unusable property, (ii) enter into any contract (other than purchase and sales orders in the ordinary course of business in accordance with past practice) involving more than $25,000 without the consent of Parent (which consent shall not be unreasonably withheld), (iii) accelerate, terminate, modify in any material respect, or cancel any contract (other than purchase and sales orders and other than in the ordinary course of business in accordance with past practice) involving more than $25,000 to which the Company is a party or by which it is bound without the consent of Parent (which consent shall not be unreasonably withheld), (iv) make any capital expenditure (or series of related capital expenditures) involving either more than $25,000 (unless such expenditure is identified in the current business plan of the Company as disclosed to Parent) or outside the ordinary course of business, (v) delay or postpone the payment of accounts payable and other liabilities outside the ordinary course of business, (vi) cancel, compromise, waive or release any right or claim (or series of related rights and claims) not covered by the reserves or accruals relating to such claim in the Company's December 31, 1997 consolidated balance sheet either involving more than $25,000 or outside the ordinary course of business without the consent of Parent (which consent shall not be unreasonably withheld), (vii) grant any license or sublicense of any rights under or with respect to any intellectual property other than in the ordinary course of business or (viii) enter into any contract or agreement with any affiliate of the Company, except for transactions in the ordinary course of business upon commercially reasonable terms; (g) (i) incur, assume or prepay any long-term debt or incur or assume any short-term debt, except that the Company and its subsidiaries may incur, assume or prepay debt in the ordinary course of business consistent with past practice under existing lines of credit, (ii) pay, discharge, settle or satisfy any other claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than in the ordinary course of business consistent with past practice, (iii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person or (iv) make any loans, advances or capital contributions to, or investments in, any other person except in the ordinary course of business consistent with past practice and except for loans, advances, capital contributions or investments between any subsidiary wholly-owned by the Company and the Company or another subsidiary wholly-owned by the Company; or (h) agree in writing or otherwise to take any of the foregoing actions.

No Solicitation. Pursuant to the Merger Agreement, the Company covenanted and agreed with Parent and the Purchaser that neither the Company nor any of its subsidiaries has any agreement, arrangement or understanding with any potential acquiror that, directly or indirectly, would be violated, or require any payments, by reason of the execution, delivery and/or consummation of the Merger Agreement and the Stock Option Agreement. The Company will, will cause its subsidiaries to, and will use its commercially reasonable efforts to cause the officers, directors, employees, investment bankers, attorneys and other agents and representatives of the Company and its subsidiaries to, immediately cease any existing activities, information exchanges, discussions or negotiations with any person (including a "person" as defined in Section 13(d)(3) of the Exchange

Act) other than Parent or the Purchaser (a "Third Party") heretofore conducted with respect to any Acquisition Transaction (as defined below). The Company shall not, shall cause its subsidiaries not to, and shall use its commercially reasonable efforts to cause the officers, directors, employees, investment bankers, attorneys and other agents and representatives of the Company and its subsidiaries not to, directly or indirectly, (x) solicit, initiate, continue, facilitate or encourage (including by way of furnishing or disclosing non-public information) any inquiries, proposals or offers from any Third Party with respect to, or that could

reasonably be expected to lead to, any acquisition or purchase of all or any significant portion of the assets or business of, or any significant equity interest in (including by way of a tender offer), or any merger, consolidation or business combination with, or any similar transaction involving, the Company or any of its subsidiaries (the foregoing being referred to collectively as an "Acquisition Transaction"), or (y) negotiate or otherwise communicate in any way with any Third Party with respect to any Acquisition Transaction or enter into, approve or recommend any agreement, arrangement or understanding requiring the Company to abandon, terminate or fail to consummate the Offer and/or the Merger or any other transaction contemplated thereby or by the Stock Option Agreement. Notwithstanding anything to the contrary in the foregoing, the Company may in response to an unsolicited written proposal with respect to an Acquisition Transaction involving the acquisition of all of the Shares (or all or substantially all of the assets of the Company and its subsidiaries) from a Third Party, furnish or disclose non-public information to such Third Party and negotiate or otherwise communicate with such Third Party, in each case only if (A) the Board of Directors of the Company (after consultation with its outside legal counsel and independent financial advisors) determines in good faith that such proposal would reasonably be likely to be more favorable to the Company and its shareholders than the transactions contemplated by the Merger Agreement (the proposal with respect to an Acquisition Transaction meeting the requirements of clause (A), a "Superior Proposal"), (B) prior to furnishing or disclosing any non-public information to, or entering into discussions or negotiations with, such Third Party, the Company receives from such Third Party a customary confidentiality agreement similar in all material respects to the confidentiality agreement between Parent and the Company, and (C) the Company advises Parent of all such non-public information delivered to such Third Party prior to such delivery; provided, however, that the Company shall not enter into a definitive agreement with respect to a Superior Proposal unless the Company first complies with the immediately following paragraph, including the last sentence thereof, and then unless the Company concurrently terminates the Merger Agreement in accordance with the terms thereof.

The Merger Agreement provides that the Company will promptly (but in any event within one business day of the Company becoming aware of same) advise Parent of the receipt by the Company, any of its subsidiaries or any of the Company's investment bankers, attorneys or other agents or representatives of any inquires or proposals relating to an Acquisition Transaction and any actions taken pursuant to the immediately preceding paragraph. The Company shall promptly (but in any event within one business day of the Company becoming aware of same) provide Parent with a copy of any such inquiry or proposal in writing and a written statement with respect to any such inquiries or proposals not in writing, which statement shall include the identity of the parties making such inquiries or proposal and the material terms thereof and will update Parent on an ongoing basis, or upon Parent's reasonable request, of the status thereof; provided, however, that the Company shall not be obligated to provide a copy of, or a written statement with respect to, any such inquiry if the Board of Directors of the Company determines in good faith, after consultation with outside legal counsel, that not providing such copy or written statement is necessary to allow the Board of Directors of the Company to fulfill its fiduciary duties to the shareholders of the Company under applicable law. For the avoidance of doubt, the Company has agreed that it will not terminate the Merger Agreement and enter into any agreement with respect to an Acquisition Transaction unless and until Parent has been given the opportunity at least two business days prior to the entering into of such agreement to match the terms of such agreement.

Termination. The Merger Agreement may be terminated and the Merger contemplated thereby may be abandoned at any time prior to the Effective Time, whether or not approval thereof by the shareholders of the Company has been obtained:

(a) by the mutual written consent of Parent, the Purchaser and the Company prior to the date on which Parent's designees constitute a majority of the Board of Directors of the Company; or

(b) by the Company if the Company is not in material breach of any of its representations, warranties, covenants or arrangements contained in the Merger Agreement and the Stock Option Agreement and if (i) the Purchaser fails to commence the Offer as provided in the Merger Agreement, (ii) the Purchaser shall not have accepted for payment and paid for Shares pursuant to the Offer in accordance with the terms thereof on or before August 31, 1998 or (iii) the Purchaser fails to purchase validly tendered Shares in violation of the terms of the Offer or the Merger Agreement; or

(c) by Parent or the Company if the Offer expires or is terminated or withdrawn pursuant to its terms without any Shares being purchased thereunder; provided, however, that Parent may terminate the Merger Agreement upon the termination or withdrawal of the Offer if Parent's or the Purchaser's termination or withdrawal of the Offer is not in violation of the terms of the Merger Agreement or the Offer; or

(d) by Parent or the Company if any court or other governmental entity shall have issued, enacted, entered, promulgated or enforced any order, judgment, decree, injunction, or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, judgment, decree, injunction, ruling or other action is final and nonappealable; or

(e) by the Company if, prior to the purchase of Shares pursuant to the Offer in accordance with the terms of the Merger Agreement, (i) there occurs, on the part of Parent or the Purchaser, a material breach of any representation, warranty, covenant or agreement contained in the Merger Agreement which is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the Company to the party committing the breach, except in any case, such failures which are not reasonably likely to affect adversely Parent's or the Purchaser's ability to complete the Offer or the Merger or (ii) the Company enters into a definitive agreement with respect to a Superior Proposal as permitted under the Merger Agreement and after complying with the provisions of the Merger Agreement and making the payments described under "Fees and Expenses" below; or

(f) by Parent if, prior to the purchase of Shares pursuant to the Offer in accordance with the terms of the Merger Agreement, (i) there shall have occurred, on the part of the Company, a breach of any representation, warranty, covenant or agreement contained in the Merger Agreement which individually, or in the aggregate, if not cured would be reasonably likely to have a Material Adverse Effect on the Company and which is not curable or, if curable, is not cured within the later of (x) 30 days after written notice of such breach is given by Parent to the Company and (y) the satisfaction of all conditions to the Offer not related to such breach or (ii) the Board of Directors of the Company or committee thereof shall have withdrawn or modified (or shall have resolved to withdraw or modify), in a manner adverse to Parent, its approval or recommendation of the Merger Agreement or any of the transactions contemplated thereby and the Board of Directors of the Company and such committee shall not have fully reinstated such approval or recommendations within three business days after a request by Parent to so reinstate or shall have recommended (or resolved to recommend) an Acquisition Transaction (other than the Offer and Merger) to the shareholders of the Company; or

(g) by Parent if it is not in material breach of its obligation hereunder or under the Offer and no Shares have been purchased pursuant to the Offer on or before August 31, 1998.

Fees and Expenses. The Merger Agreement provides that, except as described below, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Offer, the Merger Agreement, the Stock Option Agreement and the transactions contemplated by the Merger Agreement and the Stock Option Agreement will be paid by the party incurring such expenses.

Pursuant to the terms of the Merger Agreement, (i) in the event the Merger

Agreement is terminated pursuant to subsection (e)(ii) under "Termination" above or (ii) in the event that (x) any person shall have publicly disclosed a proposal regarding an Acquisition Transaction and (y) following such disclosure, either (a) August 31, 1998 occurs without the shareholder approval of the Merger being obtained (other than as a result of a material breach of the Merger Agreement by Parent or the Purchaser that has not been cured within the time period set forth in the Merger Agreement) or (b) the Company breaches (prior to the time that the designees of the Purchaser constitute a majority of the Board of Directors of the Company) any of its material obligations under the Merger Agreement and does not cure such breach within the time period set forth in the Merger Agreement or (c) the Merger Agreement is terminated pursuant to subsection (f)(ii) under "Termination" above and (z) not later than twelve months after any such termination the Company shall have entered into a definitive agreement for an Acquisition Transaction, or an Acquisition Transaction shall have been consummated, then the Company shall pay to an account designated by Parent a termination fee, in immediately available funds, of $1,000,000 (the "Termination Fee") and shall reimburse Parent for all

out-of-pocket fees and expenses (but in no event greater than $350,000) reasonably incurred by Parent and the Purchaser in connection with the Merger Agreement, the Offer and the Merger. The Termination Fee and any reimbursement of expenses shall be paid prior to, and shall be a condition to the effectiveness of, any termination of the Merger Agreement referred to in clause (i) above or on the next business day after the earlier of such Acquisition Transaction being consummated or a definitive agreement for such Acquisition Transaction being entered into if such fee and expenses are payable as a result of clause (ii) above.

Employee Benefit Arrangements. The Merger Agreement provides that:

(a) Following the Effective Time and through December 31, 1999, the Purchaser will provide employee benefit plans and programs for the benefit of employees of the Company and its subsidiaries (excluding plans or programs which provide for issuance of Shares or options on Shares) that are of reasonably equivalent value to such employees as compared with the Company Benefit Plans (as defined in the Merger Agreement), subject to applicable governmental rules and regulations. All service credited to each employee by the Company or any of its subsidiaries through the Effective Time shall be recognized by the Purchaser for purposes of eligibility and vesting (but not benefit accrual) under any employee benefit plan provided by the Purchaser for the benefit of the employees.

(b) Parent will cause the Surviving Corporation to honor (without modification) and assume all written employment agreements with individual employees, severance agreements with individual employees and other comparable agreements with individual employees of the Company or any of its subsidiaries, all as in effect on the date of the Merger Agreement.

(c) The Purchaser will maintain in effect the Company severance plan/program (as specified in the employee handbook) for a period of two years immediately following the Effective Time and the Company severance plan/program will not be terminated or adversely amended during such two-year period.

(d) The Company will cause the interest of each of the employees of the Company and its subsidiaries as of the Acceptance Date in the Hein-Werner Retirement and Savings Plan and Trust to be fully vested and nonforfeitable as of the Acceptance Date.

(e) For a period of 18 months following the Effective Time, Parent shall cause the Surviving Corporation to continue to provide medical insurance, at COBRA premium rates, to O. Friend, a current director of the Company.

STOCK OPTION AGREEMENT

The following is a summary of certain provisions of the Stock Option Agreement. This summary is not a complete description of the terms and conditions of the Stock Option Agreement and is qualified in its entirety by reference to the full text of Stock Option Agreement, which is incorporated herein by reference and a copy of which has been filed with the Commission as an exhibit to the Schedule 14D-1. The Stock Option Agreement may be examined and

copies may be obtained at the place and in the manner set forth in Section 9 of this Offer to Purchase.

Purchase of Shares. On the terms and subject to the conditions set forth in the Stock Option Agreement, the Company agreed to issue and sell to Parent that number of newly issued Shares (the "Option Shares") equal to the number of Shares that, when added to the number of Shares owned by the Purchaser and its affiliates immediately following the consummation of the Offer, constitutes 90% of the outstanding Shares on a fully-diluted basis (giving effect to the issuance of the Option Shares), at a per share purchase price equal to the Offer Price. The closing of such sale of Shares shall occur at any one time after the acceptance for payment by Purchaser of the Shares constituting at least 66 2/3% but less than 90% of the Shares then outstanding on a fully diluted basis but prior to the earliest to occur of (x) the Effective Time and (y) the termination of the Merger Agreement in accordance with the terms thereof.

Conditions to Closing. The obligation of the Company to deliver the Option Shares upon the Purchaser's exercise of its option is subject to the following conditions: (a) all waiting periods under the HSR Act

applicable to the issuance and delivery of the Option Shares pursuant to the Stock Option Agreement shall have expired or been terminated and (b) there shall be no preliminary or permanent injunction or other final, nonappealable judgment by any court of competent jurisdiction restricting, preventing or prohibiting the issuance and delivery of the Option Shares.

Covenants of the Company. Pursuant to the Stock Option Agreement, the Company covenants and agrees to use its commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate and make effective the transactions contemplated thereunder, including, without limitation, using all reasonable efforts to obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities.

Certain Representations and Warranties. In connection with the Stock Option Agreement, the Company made certain customary representations and warranties to Parent and the Purchaser, including with respect to (i) authorization, reservation and validity of the issuance of the Option Shares pursuant to such agreement and the absence of encumbrances on and in respect of such Shares and (ii) the Company's due organization, valid existence and requisite corporate powers. In connection with the Stock Option Agreement, Parent and the Purchaser made certain customary representations and warranties to the Company, including with respect to (i) authority to enter into and perform their obligations under the Stock Option Agreement, (ii) due organization, valid existence and requisite corporate powers and (iii) the investment intent of Parent and the Purchaser.

Termination. The Stock Option Agreement terminates automatically at the earlier of (x) the Effective Time and (y) the termination of the Merger Agreement in accordance with the terms and conditions thereof.

EMPLOYMENT AND CONSULTING AGREEMENT

The following is a summary of certain provisions of the Employment and Consulting Agreement, dated as of April 27, 1998 (the "Employment and Consulting Agreement"), by and among Parent, the Company and Joseph L. Dindorf, President and Chief Executive Officer of the Company. This summary is qualified in its entirety by reference to the Employment and Consulting Agreement, which is incorporated herein by reference and which has been filed with the Commission as an exhibit to the Schedule 14D-1. The Employment and Consulting Agreement may be examined and copies may be obtained at the place and in the manner set forth in Section 9 of this Offer to Purchase.

Parent requested, as an inducement for Parent and the Purchaser to enter into the Merger Agreement, that Joseph L. Dindorf, President and Chief Executive Officer of the Company, enter into an Employment and Consulting Agreement (the "Employment and Consulting Agreement") with Parent and the Company. Such agreement, which was entered into on April 27, 1998, provides for Mr. Dindorf's employment by the Company from the Acceptance Date until December 31, 1998 and for Mr. Dindorf to serve as a consultant thereafter until December 31, 2000. Mr. Dindorf is entitled to a base salary of $25,000 per month through December 31,

1998 and consulting fees at the annual rate of $250,000 for the year 1999 and at the annual rate of $200,000 for the year 2000. Mr. Dindorf is also entitled to certain fringe benefits. If there is a termination of Mr. Dindorf's services under the Employment and Consulting Agreement by Mr. Dindorf for good reason or by Parent other than by reason of (i) death, (ii) disability or (iii) for cause (as such terms are defined in the Employment and Consulting Agreement), Mr. Dindorf will be entitled to a severance payment equal to the aggregate of all unpaid amounts he would have been entitled to receive under the Employment and Consulting Agreement as if he had continued in the employ of the Company and/or had continued to provide consulting services to the Company for the remainder of the employment and/or consulting terms, and he will continue to be entitled to receive the insurance coverage provided to him and his dependents prior to his termination for a certain period.

12. PURPOSE OF THE OFFER AND THE MERGER; PLANS FOR THE COMPANY; OTHER MATTERS.

The purpose of the Offer, the Merger, the Merger Agreement and the Stock Option Agreement is for Parent to acquire control of, and the entire equity interest in, the Company. Upon consummation of the

Merger, the Company will become an indirect wholly-owned subsidiary of Parent. The Offer is intended to increase the likelihood that the Merger will be effected.

Plans for the Company

Parent is conducting a detailed review of the Company and its assets, corporate structure, capitalization, operations, properties, policies, management and personnel and will consider, subject to the terms of the Merger Agreement, what, if any, changes would be desirable in light of the circumstances which exist upon completion of the Offer. Such changes could include changes in the Company's business, corporate structure, charter, bylaws, capitalization, Board of Directors, management or dividend policy, although, except as noted in this Offer to Purchase, Parent has no current plans with respect to any of such matters.

Except as described in this Offer to Purchase, neither Parent nor the Purchaser has any present plans or proposals that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation, relocation of operations, or sale or transfer of assets, involving the Company or any material changes in the Company's corporate structure, business or composition of its management or personnel.

Other Matters

Shareholder Approval. Under the WBCL and the Company's Articles of Incorporation, the approval of the Board of Directors of the Company and the affirmative vote of the holders of 66 2/3% of the voting power of the outstanding Shares are required to approve and adopt the Merger Agreement and the transactions contemplated thereby, including the Merger. See Section 15.

The Company's Board of Directors has unanimously approved the Offer, the Merger and the Merger Agreement and the transactions contemplated thereby. Unless the Merger is consummated pursuant to the short-form merger provisions under the WBCL described below (in which case no further corporate action by the shareholders of the Company will be required to complete the Merger), the only remaining required corporate action of the Company will be the approval and adoption of the Merger Agreement and the transactions contemplated thereby by the affirmative vote of the holders of 66 2/3% of the voting power of the outstanding Shares, subject to Section 180.1150 of the WBCL. See Section 15.

Pursuant to the Merger Agreement, the Company has agreed to take all action necessary under the WBCL and its Articles of Incorporation and By-laws to convene a meeting of its shareholders promptly following consummation of the Offer to consider and vote on the Merger. If the Purchaser owns at least 90% of the outstanding Shares, approval of the Merger can be obtained without the affirmative vote of any other shareholder of the Company. If the Purchaser owns at least 66 2/3% but less than 90% of the outstanding Shares, pursuant to the Stock Option Agreement, the Purchaser may exercise an option to purchase from the Company at the Offer Price newly issued Shares in an amount equal to the number of Shares that, when added to the number of Shares owned by the Purchaser and its affiliates immediately following consummation of the Offer, shall

constitute 90% of the Shares then outstanding on a fully diluted basis (giving effect to the issuance of such Shares). See Section 11.

Short Form Merger. Pursuant to the Merger Agreement, upon the mutual agreement of Parent and the Company, the Merger may be structured so that the Company will be merged with and into the Purchaser, with the Purchaser continuing as the Surviving Corporation. If the Merger is so structured, under Section 180.1104 of the WBCL, and the Purchaser owns at least 90% of the outstanding Shares, the Purchaser will be able to approve the Merger without a vote of the Company's shareholders. In such event, the Purchaser anticipates that it will take all necessary and appropriate action to cause the Merger to become effective as soon as reasonably practicable after such acquisition without a meeting of the Company's shareholders.

Dissenters' Rights. While no dissenters' rights are available in connection with the Offer, Sections 180.1301 through 180.1331 of the WBCL may provide dissenters' rights to holders of the Shares, subject to the procedures described therein, to object to the Merger and demand payment of the "fair value" of their Shares in cash in connection with the consummation of the Merger. Dissenters' rights are available if the Merger is a "business combination" (as defined in Section 180.1130(3) of the WBCL), or if the Shares are

not registered on a national securities exchange or quoted on the National Association of Securities Dealers, Inc. automated quotations system on the record date for notice of the shareholders' meeting held to vote on the Merger. The Merger will not be a "business combination" if it is consummated as a Short-Form Merger or, if at the time of the Merger, the Company does not have a class of equity securities held of record by 500 or more persons or there are less than 100 Wisconsin residents who are shareholders of record with unlimited voting rights. If the Merger is not a "business combination" and dissenters' rights are available because the Shares are not registered on an exchange or quoted on Nasdaq, the "fair value" of the Shares will be determined as of the time immediately prior to the Merger and will exclude, if equitable, any appreciation or depreciation in the value of the Shares in anticipation of the Merger. If the Merger is a "business combination" and dissenters' rights are available, the "fair value" of the Shares will be determined pursuant to Section 180.1130(9)(a) of the WBCL with reference to the public market price of the Shares if available, or otherwise as determined in good faith by the Company's Board of Directors. The "fair value", as so determined, could be more or less than the value per Share to be paid pursuant to the Offer and the Merger.

The foregoing summary of the rights of dissenting shareholders does not purport to be a complete statement of the procedures to be followed by shareholders desiring to exercise their dissenters' rights in connection with the Merger. The preservation and exercise of dissenters' rights are conditioned on strict adherence to the applicable provisions of the WBCL.

Rule 13e-3. The Merger would have to comply with any applicable federal law operative at the time. Rule 13e-3 under the Exchange Act is applicable to certain "going private" transactions. The Purchaser does not believe that Rule 13e-3 will be applicable to the Merger. Rule 13e-3 requires, among other things, that certain financial information concerning the Company, and certain information relating to the fairness of the proposed transaction and the consideration offered to minority shareholders in such a transaction, be filed with the Commission and disclosed to minority shareholders prior to consummation of the transaction.

13. DIVIDENDS AND DISTRIBUTIONS.

As described above, the Merger Agreement provides that, prior to the purchase of Shares by Purchaser pursuant to the Offer, without the prior written consent of Parent, the Company will not (i) issue, reissue or sell or authorize the issuance, reissuance or sale of additional shares of capital stock of any class, or shares convertible into capital stock of any class, or any rights, warrants or options to acquire any convertible shares or capital stock, other than the issuance of Shares pursuant to Options outstanding on the date of the Merger Agreement or pursuant to the Stock Option Agreement; (ii) declare, set aside or pay any dividend or other distribution (whether in cash, shares or property or any combination thereof) in respect of any class or series of its capital stock other than between any of the Company and any Subsidiary which is wholly-owned by the Company; or (iii) split, combine, subdivide, reclassify or

directly or indirectly redeem, purchase or otherwise acquire, recapitalize or reclassify, or propose to redeem or purchase or otherwise acquire, any shares of its capital stock, or any of its other shares or liquidate in whole or in part.

14. CONDITIONS OF THE OFFER.

Notwithstanding any other provisions of the Offer, the Purchaser shall not be required to accept for payment or pay for any tendered Shares if (i) any applicable waiting period under the HSR Act has not expired or terminated or (ii) the Minimum Condition has not been satisfied, and the Purchaser may, subject to the terms of the Merger Agreement, amend the Offer or postpone the acceptance for payment of tendered Shares if at any time on or after the date of the Merger Agreement and on or before the Expiration Date, any of the following events shall occur:

(a) there shall be threatened or pending any suit, action or proceeding by any Governmental Entity against the Purchaser, Parent or the Company (i) seeking to prohibit or impose any material limitations on Parent's or the Purchaser's ownership or operation (or that of Parent's subsidiaries or affiliates) of any or a material portion of their or the Company's businesses or assets, or to compel Parent or the Purchaser or Parent's subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of the Company or Parent and Parent's subsidiaries, in each case taken as a whole, (ii) challenging

the acquisition by Parent or the Purchaser of any Shares under the Offer, seeking to restrain or prohibit the making or consummation of the Offer or the Merger, or the performance of any of the other transactions contemplated by the Merger Agreement or the Stock Option Agreement, or seeking to obtain from the Company, Parent or the Purchaser any damages that are material in relation to the Company, (iii) seeking to impose material limitations on the ability of the Purchaser, or render the Purchaser unable, to accept for payment, pay for or purchase, some or all of the Shares pursuant to the Offer, the Merger or the Stock Option Agreement, or (iv) seeking to impose material limitations on the ability of the Purchaser or Parent effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to the Company's shareholders; or

(b) any Law is enacted, entered, enforced, promulgated or deemed applicable to the Offer or the Merger or the transactions contemplated by the Stock Option Agreement, or any other action is taken by any Governmental Entity, other than the application to the Offer, the Merger or the transactions contemplated by the Stock Option Agreement of applicable waiting periods under the HSR Act, that results, directly or indirectly, in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above; or

(c) (i) the Board of Directors of the Company or any committee thereof withdraws or modifies in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger, the Merger Agreement or the Stock Option Agreement or approves or recommends any Acquisition Transaction, or (ii) the Company enters into any agreement to consummate any Acquisition Transaction; or

(d) any of the representations and warranties of the Company set forth in the Merger Agreement that are qualified as to Material Adverse Effect are not true and correct, or any such representations and warranties that are not so qualified are not true and correct in any respect (when taken together with all other failures of such representations and warranties to be true and correct) that would have a Material Adverse Effect on the Company, in each case at the date of the Merger Agreement or at the scheduled expiration of the Offer (as though made as of such date, except that those representations and warranties that address matters only as of a particular date shall remain true and correct as of such date); or

(e) the Merger Agreement shall have been terminated in accordance with its terms; or

(f) the Company shall have failed to perform any obligation or to

comply with any agreement or covenant to be performed or complied with by it under the Merger Agreement or the Stock Option Agreement other than any failure which would not have, either individually or in the aggregate, a Material Adverse Effect on the Company; or

(g) any person acquires beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act) of at least 20% of the outstanding Shares (other than any person not required to file a Schedule 13D under the rules promulgated under the Exchange Act or other than pursuant to the Stock Option Agreement); or

(h) there shall have occurred, and continued to exist, (i) any general suspension of, or limitation on prices for, trading in securities on the New York Stock Exchange or the American Stock Exchange, (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) a commencement of a war, armed hostilities or other national or international calamity directly involving the United States (other than an action involving solely United Nations' personnel or support of United Nations' personnel), or (iv) in the case of any of the events described in the foregoing clauses (i) through (iii) existing at the time of the commencement of the Offer, a material acceleration or worsening thereof.

The foregoing conditions are for the sole benefit of Parent and the Purchaser and may be asserted by Parent or the Purchaser regardless of the circumstances giving rise to any such condition (including any action or inaction by Parent or the Purchaser not in violation of the Merger Agreement) and may be waived by Parent or the Purchaser in whole or in part at any time and from time to time in their sole discretion.

The failure by Parent or the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

15. CERTAIN LEGAL MATTERS.

Except as described in this Section 15, based on information provided by the Company, none of the Company, the Purchaser or Parent is aware of any license or regulatory permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, that might be adversely affected by the Purchaser's acquisition of Shares as contemplated herein or of any approval or other action by a domestic or foreign governmental, administrative or regulatory agency or authority that would be required or desirable for the acquisition and ownership of the Shares by the Purchaser as contemplated herein. Should any such approval or other action be required or desirable, the Purchaser and Parent presently contemplate that such approval or other action will be sought, except as described below under "State Takeover Laws." While, except as otherwise described in this Offer to Purchase, the Purchaser does not presently intend to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offer pending the outcome of any such matter, there can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that failure to obtain any such approval or other action might not result in consequences adverse to the Company's business or that certain parts of the Company's business might not have to be disposed of or other substantial conditions complied with in the event that such approvals were not obtained or such other actions were not taken or in order to obtain any such approval or other action. If certain types of adverse action are taken with respect to the matters discussed below, the Purchaser could decline to accept for payment or pay for any Shares tendered. See Section 14 for certain conditions to the Offer, including conditions with respect to governmental actions.

(a) State Takeover Laws.

A number of states within the United States have enacted takeover statutes that purport, in varying degrees, to be applicable to attempts to acquire securities of corporations that are incorporated or have assets, shareholders, executive offices or places of business in such states. In Edgar v. MITE Corp., the Supreme Court of the United States held that the Illinois Business Takeover Act, which involved state securities laws that made the takeover of certain corporations more difficult, imposed a substantial burden on interstate commerce

and therefore was unconstitutional. In CTS Corp. v. Dynamics Corp. of America, however, the Supreme Court of the United States held that a state may, as a matter of corporate law and, in particular, with respect to those aspects of corporate law concerning corporate governance, constitutionally disqualify a potential acquiror from voting on the affairs of a target corporation without prior approval of the remaining shareholders, provided that such laws were applicable only under certain conditions.

Section 180.1140 through 180.1144 of the WBCL (the "Wisconsin Business Combination Law") prohibit certain business combinations between a resident domestic corporation (such as the Company) and an "interested stockholder" (defined generally as any person who beneficially owns, directly or indirectly, 10% of the outstanding voting stock of a domestic corporation or who is an affiliate or associate of the corporation and beneficially owned 10% of the voting stock within the last three years) for a period of three years after the date on which the person became an interested stockholder unless, among other exceptions, the acquisition of the shares or the business combination has been approved by the board of directors of the resident domestic corporation prior to the date on which the interested stockholder became an interested stockholder. Although the acquisition of the Shares pursuant to the Merger after the purchase of Shares in the Offer would involve a business combination between a resident domestic corporation and an interested stockholder, the Company's execution of the Merger Agreement, which provides for the Offer and the Merger, was unanimously approved by the Board of Directors of the Company prior to the date on which the Purchaser will become an interested stockholder. Accordingly, the Wisconsin Business Combination Law is inapplicable to the Offer and the Merger.

Section 180.1150 of the WBCL contains "Control Share" provisions limiting, under certain circumstances, the voting power of a shareholder that holds in excess of 20% of the voting power of certain

corporations. As a result, Shares held by the Purchaser that constitute in excess of 20% of the voting power in the election of directors of the Company will be limited to 10% of the full voting power of such Shares. However, pursuant to the Stock Option Agreement, if the Purchaser owns at least 66 2/3% but less than 90% of the outstanding Shares, the Purchaser may exercise an option to purchase from the Company at the Offer Price newly issued Shares in an amount equal to the number of Shares that, when added to the number of Shares owned by the Purchaser and its affiliates immediately following consummation of the Offer, shall constitute 90% of the Shares then outstanding on a fully diluted basis (giving effect to the issuance of such Shares). If the Purchaser owns at least 90% of the outstanding Shares, approval of the Merger can be obtained without the affirmative vote of any other shareholder of the Company.

Section 180.1130 through 180.1134 of the WBCL (the "Wisconsin Fair Price Law") generally provide, with certain exceptions, that "business combinations" involving an "issuing public corporation" (a Wisconsin corporation like the Company which has a class of equity securities held of record by more than 500 persons and at least 100 shareholders of record who are residents of Wisconsin) and a "significant shareholder" (defined generally as any person that is the beneficial owner, either directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the issuing public corporation) be approved by the affirmative vote of at least 80% of the voting power of the issuing public corporation's stock and at least 66 2/3% of the voting power of the corporation's stock not beneficially owned by the significant shareholder, in each case voting together as a group, unless certain "fair price" conditions set out in Section 180.1132 of the WBCL are satisfied. The amount to be paid for each Share in both the Offer and pursuant to the Merger satisfies each of the conditions of Section 180.1132 of the WBCL. Accordingly, the restrictions contained in the Wisconsin Fair Price Law are not applicable to the Offer and the Merger. In addition, if the Merger is consummated as a short form merger, the Merger will not be a "business combination" under, and will not be subject to the provisions of, the Wisconsin Fair Price Law.

Based on information supplied by the Company's representations in the Merger Agreement, the Purchaser does not believe that any other state takeover statutes apply to the Offer or the Merger. See Section 12. Neither the Purchaser nor Parent has currently complied with any such state takeover statute or regulation. The Purchaser reserves the right to challenge the applicability or validity of any state law purportedly applicable to the Offer or the Merger and nothing in this Offer to Purchase or any action taken in connection with the

Offer or the Merger is intended as a waiver of such right. If it is asserted that any state takeover statute is applicable to the Offer or the Merger and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer or the Merger, the Purchaser might be required to file certain information with, or to receive approvals from, the relevant state authorities, and the Purchaser might be unable to accept for payment or pay for Shares tendered pursuant to the Offer, or be delayed in consummating the Offer or the Merger. In such case, the Purchaser may not be obligated to accept for payment or pay for any Shares tendered pursuant to the Offer. See Section 14.

(b) Antitrust. The Offer and the Merger are subject to the HSR Act, which provides that certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the Federal Trade Commission (the "FTC") and certain waiting period requirements have been satisfied.

Parent and the Company expect to file their Notification and Report Forms with respect to the Offer under the HSR Act on or about May 8, 1998. The waiting period under the HSR Act with respect to the Offer will expire at 11:59 p.m., New York City time, on the 15th day after the date Parent's form is filed unless early termination of the waiting period is granted. However, the Antitrust Division or the FTC may extend the waiting period by requesting additional information or documentary material from Parent or the Company. If such a request is made, such waiting period will expire at 11:59 p.m., New York City time, on the tenth day after substantial compliance by Parent with such request. Only one extension of the waiting period pursuant to a request for additional information is authorized by the HSR Act. Thereafter, such waiting period may be extended only by court order or with the consent of Parent. In practice, complying with a request for additional information or material can take a significant amount of time. In addition, if the Antitrust Division or the FTC raises substantive issues in connection with a proposed transaction, the parties frequently engage in negotiations with the relevant governmental agency concerning possible means of addressing those issues and

may agree to delay consummation of the transaction while such negotiations continue. The Purchaser will not accept for payment Shares tendered pursuant to the Offer unless and until the waiting period requirements imposed by the HSR Act with respect to the Offer have been satisfied. See Section 14.

As discussed below, the HSR Act requirements with respect to the Merger will not apply if certain conditions are met. In particular, the Merger may not be consummated until 30 calendar days after receipt by the Antitrust Division and the FTC of the Notification and Report Forms of both Parent and the Company unless the Purchaser acquires 50% or more of the outstanding Shares pursuant to the Offer (which would be the case if the Minimum Condition were satisfied) or the 30-day period is earlier terminated by the Antitrust Division and the FTC. Within such 30-day period, the Antitrust Division or the FTC may request additional information or documentary materials from Parent and/or the Company. The Merger may not be consummated until 20 days after such requests are substantially complied with by both Parent and the Company. Thereafter, the waiting periods may be extended only by court order or with the consent of Parent and the Company.

The FTC and the Antitrust Division periodically review the legality under the antitrust laws of transactions such as the Purchaser's acquisition of Shares pursuant to the Offer and the Merger. At any time before or after the Purchaser's acquisition of Shares, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the acquisition of Shares pursuant to the Offer or otherwise or seeking divestiture of Shares acquired by the Purchaser or divestiture of substantial assets of Parent or its subsidiaries. Private parties, as well as state governments, may also bring legal action under the antitrust laws under certain circumstances. Based upon an examination of publicly available information relating to the businesses in which Parent and the Company are engaged, Parent and the Purchaser believe that the acquisition of Shares by the Purchaser will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer or other acquisition of Shares by the Purchaser on antitrust grounds will not be made or, if such a challenge is made, of the result. See Section 14 for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

German AARC. According to the German Act Against Restraints of Competition (the "AARC"), the acquisition of Shares by Purchaser pursuant to the Offer may be subject to German pre-merger control. Notice of a transaction subject to German pre-merger control must be provided before consummation to the German Federal Cartel Office (the "FCO"), and may not be effected until antitrust review has been completed and no objections raised. During a statutory one-month period following the filing, the FCO must either come to a final decision as to the compatibility of the transaction with the German market, or inform the parties in writing that it has initiated an in-depth review of the transaction. In most instances to date, the FCO has completed antitrust review and given clearance to the respective transactions before the end of the one-month period. However, there can be no assurance that the review of the purchase of Shares pursuant to the Offer will also be completed within one month following the filing.

If the FCO is not in a position to come to a final decision within the one-month period, it will have to inform the parties before the end of such period in writing that it has initiated an in-depth review of the transaction. Should the FCO fail to give such information to the parties before the end of the one-month period, the transaction is treated as if it had been given clearance. Provided that the FCO has informed the parties about the initiation of the in-depth review within such period, a review period of four months in total (beginning with the original filing) becomes applicable to the transaction. In most instances to date, where a four-month review period became applicable to a transaction, the FCO has completed antitrust review and given clearance to the respective transaction before the end of such period. There can be no assurance, however, that if the four-month period becomes applicable to the purchase of Shares pursuant to the Offer, antitrust review by the FCO will be completed before the end of such period.

In the course of its reviews, the FCO will examine whether the proposed acquisition of Shares by the Purchaser pursuant to the Offer would create a dominant market position or strengthen an already-existing dominant position in Germany. If the FCO makes such a finding, it will act to prohibit the transaction. Based upon an examination of information available to Parent relating to the businesses in which Parent, the

Company and their respective subsidiaries are engaged. Parent and the Purchaser believe that there is no ground for such a finding. Nevertheless, there can be no assurance that the FCO will not take a different point of view.

Other Foreign Laws. According to publicly available information, the Company also owns property and conducts business in a number of other countries and jurisdictions, including the United Kingdom, Italy and France. In connection with the acquisition of the Shares pursuant to the Offer, the laws of certain foreign countries and jurisdictions may require the filing of information with, or the obtaining of the approval of, governmental authorities in such countries and jurisdictions. In addition, the waiting period prior to consummation of the Offer associated with such filings or approvals may extend beyond the scheduled Expiration Date.

The governments in such countries and jurisdictions might attempt to impose additional conditions on the Company's operations conducted in such countries and jurisdictions as a result of the acquisition of the Shares pursuant to the Offer or the Merger. There can be no assurance that the Purchaser will be able to cause the Company or its subsidiaries to satisfy or comply with such laws or that compliance or noncompliance will not have adverse consequences for the Company or any subsidiary after purchase of the Shares pursuant to the Offer or the Merger.

(c) Federal Reserve Board Regulations. Regulations U and X (the "Margin Regulations") of the Federal Reserve Board restrict the extension or maintenance of credit for the purpose of buying or carrying margin stock, including the Shares, if the credit is secured directly or indirectly by margin stock. Such secured credit may not be extended or maintained in an amount that exceeds the maximum loan value of all the direct and indirect collateral securing the credit, including margin stock and other collateral. All financing for the Offer will be in full compliance with the Margin Regulations.

16. FEES AND EXPENSES.

The Purchaser has retained Morrow & Co., Inc. to act as the Information Agent and Firstar Trust Company to act as the Depositary in connection with the Offer. Such firms each will receive reasonable and customary compensation for their services. The Purchaser has also agreed to reimburse each such firm for certain reasonable out-of-pocket expenses and to indemnify each such firm against certain liabilities and expenses in connection with their services, including certain liabilities under the federal securities laws.

The Purchaser will not pay any fees or commissions to any broker or dealer or other person (other than the Information Agent) for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, banks and trust companies will be reimbursed by the Purchaser for customary mailing and handling expenses incurred by them in forwarding material to their customers.

17. MISCELLANEOUS.

The Offer is being made to all holders of Shares other than the Company. The Purchaser is not aware of any jurisdiction in which the making of the Offer or the tender of Shares in connection therewith would not be in compliance with the laws of such jurisdiction. If the Purchaser becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, the Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, the Purchaser cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares residing in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

No person has been authorized to give any information or to make any representation on behalf of Parent or the Purchaser not contained herein or in the Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized.

The Purchaser and Parent have filed with the Commission the Schedule 14D-1 pursuant to Rule 14d-3 under the Exchange Act furnishing certain additional information with respect to the Offer. The Schedule 14D-1 and any amendments thereto, including exhibits, may be examined and copies may be obtained from the offices of the Commission in the manner set forth in Section 8 of this Offer to Purchase (except that they will not be available at the regional offices of the Commission).

SNAP-ON PACE COMPANY

May 4, 1998

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS
OF PARENT AND THE PURCHASER

I. DIRECTORS AND EXECUTIVE OFFICERS OF PARENT. The following table sets forth the name, business address and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of Parent. Unless otherwise indicated, each such person is a citizen of the United States of America and the business address of each such person is c/o Snap-on Incorporated, 10801 Corporate Drive, Kenosha, Wisconsin 53141-1430. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Parent. Unless otherwise indicated, each such person has held his or her present occupation as set forth below, or has been an executive officer at Parent, or the organization indicated, for the past five years.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Robert A. Cornog.....	Chairman, President and Chief Executive Officer since July 1991. A Director since 1982.
Branko M. Beronja.....	President -- Diagnostics since February 1998. Senior Vice President -- Diagnostics, North America from April 1996 to February 1998. President -- North American Operations from April 1994 to April 1996, and Vice President -- Sales, North America from August 1989 to April 1994. A Director since January 1997.
Frederick D. Hay.....	Senior Vice President -- Transportation since February 1996. Prior to joining Snap-on, he was President of the Interior Systems and Components Division of UT Automotive, a business unit of United Technologies Corporation, from December 1989 to January 1996.
Donald S. Huml.....	Senior Vice President -- Finance and Chief Financial Officer since August 1994. Prior to joining Snap-on, he was Vice President and Chief Financial Officer of Saint-Gobain Corporation from December 1990 to August 1994.
Michael F. Montemurro.....	Senior Vice President -- Financial Services and Administration since August 1994. Senior Vice President -- Financial Services, Administration and Chief Financial Officer from April 1994 to August 1994. Senior Vice President -- Finance and Chief Financial Officer from March 1990 to April 1994.
Jay H. Schnabel.....	Senior Vice President -- Europe since April 1996. Senior Vice President -- Diagnostics from April 1994 to April 1996. Senior Vice President -- Administration from April 1990 to April 1994. A Director since August 1989.
Neil T. Smith.....	Controller since November 1997. Financial Controller from June 1997 to November 1997. Director of Financial Analysis and Planning from December 1994 to May 1997. Prior to joining Snap-on, he was Director of Finance for the Nielsen Marketing Research Division of Dun and Bradstreet Corporation from January 1991 to December 1994.
Susan F. Marrinan.....	Vice President, Secretary and General Counsel since January 1992.
Donald W. Brinckman.....	Director since 1992. Mr. Brinckman is the founder of Safety-Kleen Corporation and has been Chairman of its Board of Directors since 1994. He served as Chief Executive Officer of Safety-Kleen from 1968 to 1994 and again since August, 1997. He also served as President of Safety-Kleen from 1991 to 1993. Safety-Kleen is a recycler of automotive and industrial hazardous and nonhazardous fluids. Mr. Brinckman also serves as a Director of Paychex, Inc.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Bruce S. Chelberg.....	Director since 1993. Mr. Chelberg has been Chairman of the Board and Chief Executive Officer of Whitman Corporation, a consumer goods company, since 1992. He has served on Whitman's Board since 1988. Mr. Chelberg also serves as a Director of First Midwest Bancorp, Inc., and Northfield Laboratories, Inc.
Roxanne J. Decyk.....	Director since 1993. Ms. Decyk has been a strategy and business development consultant since April, 1997, and from 1994 to 1997 served as Vice President-Corporate Planning for Amoco Corporation, a petroleum products company. She was Vice President-Marketing and Sales-Polymers of Amoco Chemical Company from 1993 to 1994, and Vice President-Commercial and Industrial Sales from 1991 to 1993. Ms. Decyk also serves as a Director of Material Sciences Corporation.
Leonard A. Hadley.....	Director since 1997. Mr. Hadley has been Chairman and Chief Executive Officer of Maytag Corporation, a manufacturer of appliances, since 1993 and was its President and Chief Operating Officer since 1991. He also serves as a Director of Deere & Company.

Arthur L. Kelly.....	Director since 1978. Mr. Kelly has been the managing partner of KEL Enterprises L.P., a holding and investment company, since 1982. He also is a Director of Bayerische Motoren Werke (BMW) A.G., Deere & Company, Nalco Chemical Company, The Northern Trust Corporation and Thyssen Industrie A.G.
George W. Mead.....	Director since 1985. Mr. Mead has been Chairman of the Board of Consolidated Papers, Inc., a maker of paper products, since 1971. He was Chief Executive Officer of Consolidated Papers from 1971 through 1993.
Edward H. Rensi.....	Director since 1992. Mr. Rensi has been a consultant and retired President and Chief Executive Officer of McDonald's U.S.A., a food service organization, since July, 1997. He served as McDonald's U.S.A. President and Chief Operating Officer from 1984 to 1991 and as President and Chief Executive Officer from 1991 to 1997. He also serves as a Director of International Speedway Corporation.
Richard F. Teerlink.....	Director since 1997. Mr. Teerlink has been Chairman of Harley-Davidson, Inc., a manufacturer of motorcycles, since 1996, and served as its Chief Executive Officer from 1989 to 1997 and President from 1987 to 1997. He also serves as a Director of Johnson Controls, Inc.

II. DIRECTORS AND EXECUTIVE OFFICERS OF THE PURCHASER. The following table sets forth the name, business address and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of the Purchaser. Unless otherwise indicated, each such person is a citizen of the United States of America and the business address of each such person is c/o Snap-on Incorporated 10801 Corporate Drive, Kenosha, Wisconsin 53141-1430. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Parent.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Branko M. Beronja.....	Director and President of the Purchaser. President -- Diagnostics since February 1998. Senior Vice President -- Diagnostics, North America from April 1996 to February 1998. President -- North American Operations from April 1994 to April 1996, and Vice President -- Sales, North America from August 1989 to April 1994. A Director since January 1997.
Susan F. Marrinan.....	Vice President and Secretary of the Purchaser. Vice President, Secretary and General Counsel since January 1992.
Denis J. Loverine.....	Treasurer of the Purchaser. Treasurer of Parent since September 1990.

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each shareholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary, at one of the addresses set forth below:

The Depositary for the Offer is:

FIRSTAR TRUST COMPANY

By Mail:	By Hand:	By Overnight Mail or Courier:
Firstar Trust Company P.O. Box 2077 Milwaukee, WI 53201	Firstar Trust Company Corporate Trust Services 1555 N. RiverCenter Drive Suite 301 Milwaukee, WI 53212	Firstar Trust Company Corporate Trust Services 1555 N. RiverCenter Drive Suite 301 Milwaukee, WI 53212 Attention: William Caruso

By Hand in New York City:

IBJ Schroder Bank & Trust Company
One State Street Plaza
Subcellar One
New York, NY 10004
Attention: Securities Processing Window

Facsimile Copy Number:

(414) 276-4226
(For Eligible Institutions Only)

For Confirmation Telephone:

(414) 905-5004

Questions or requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Information Agent at its location and telephone numbers set forth below. Shareholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the Offer.

The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue, 20th Floor
New York, New York 10022
(212) 754-8000
(Call Collect)

or
Banks & Brokers Call Toll Free 1-800-662-5200
All Others Call Toll Free 1-800-566-9061

Exhibit (2)(b)

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of April 27, 1998 (this "Agreement"), by and among Snap-on Incorporated, a Delaware company ("Parent"), Snap-on Pace Company, a Wisconsin corporation and a wholly-owned subsidiary of Parent (the "Purchaser"), and Hein-Werner Corporation, a Wisconsin corporation (the "Company").

WHEREAS, the respective Boards of Directors of Parent, the Purchaser and the Company have approved the acquisition of the Company by the Purchaser on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, in furtherance of such acquisition, Parent proposes to cause the Purchaser to make a tender offer (as it may be amended as permitted under this Agreement, the "Offer") to purchase all of the issued and outstanding shares of common stock, $1.00 par value per share, of the Company (the "Common Shares" or "Shares") (including the associated Common Share Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of May 9, 1989, between the Company and Firstar Trust Company (f/k/a First Wisconsin Trust Company), as Rights Agent (the "Rights Agreement")), at a price per Common Share of $12.60 net to the seller in cash (such price, or any higher price per Share paid in the Offer, the "Offer Price"); and

WHEREAS, the Board of Directors of the Company has approved this Agreement, the Offer and the Merger (as hereinafter defined), has determined that the Offer and the Merger are fair and in the best interests of the Company's shareholders, and is recommending that the shareholders of the Company accept the Offer and tender all their Shares; and

WHEREAS, the respective Boards of Directors of Parent, the Purchaser and the Company have approved the merger of the Purchaser with and into the Company, as set forth below (the "Merger"), in accordance with the Wisconsin Business Corporation Law (the "WBCL") and upon the terms and subject to the conditions set forth in this Agreement, whereby each issued and outstanding Share not owned directly or indirectly by Parent, the Purchaser or the Company will be converted into the right to receive the Offer Price in cash; and

WHEREAS, as a further inducement to the parties to enter into this Agreement, Parent, the Purchaser and the Company have entered into a Stock Option Agreement, dated the date hereof (the "Stock Option Agreement"), pursuant to which the Company has granted to the Purchaser an option to purchase newly issued Common Shares under certain circumstances; and

WHEREAS, Parent, the Purchaser and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Offer and the Merger and also to prescribe various conditions to the Offer and the Merger.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, Parent, the Purchaser and the Company agree as follows:

ARTICLE I

THE OFFER

SECTION 1.01 The Offer.

(a) So long as none of the events set forth in clauses (a) through (h) of Annex I hereto shall have occurred or exist, the Purchaser shall, and Parent shall cause the Purchaser to, commence (within the meaning of Rule 14d-2(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as promptly as practicable after the date hereof, but in any event not later than May 4, 1998, the Offer for any and all outstanding Shares not owned by the Purchaser at the Offer Price applicable to such Shares, net to the seller in cash. The initial expiration date for the Offer shall be the twentieth business day from and after the date the Offer is commenced, including the date of commencement as the first business day in accordance with

Rule 14d-2 under the Exchange Act (the "Expiration Date"). As promptly as practicable, the Purchaser shall file with the Securities and Exchange Commission (the "SEC") the Purchaser's Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1" and together with the documents therein pursuant to which the Offer will be made, and with any supplements or amendments thereto, the "Offer Documents"), which shall contain (as an exhibit thereto) the Purchaser's Offer to Purchase (the "Offer to Purchase") which shall be mailed to the holders of Shares with respect to the Offer. The obligation of Parent and the Purchaser to accept for payment or pay for any Shares tendered pursuant to the Offer will be subject only to there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which represents at least 66-2/3% of the Shares outstanding on a fully diluted basis (without giving pro forma effect to the potential issuance of any Shares issuable under the Stock Option Agreement) (the "Minimum Condition") and to the satisfaction or waiver of the other conditions set forth in Annex I hereto ("fully diluted basis" means issued and outstanding Shares and Shares subject to issuance under outstanding employee stock options). Without the prior written consent of the Company, the Purchaser shall not (i) decrease the Offer Price or change the form of consideration payable in the Offer, (ii) decrease the number of Shares sought to be purchased in the Offer, or (iii) amend any other term of the Offer in any manner adverse to the holders of any Shares; provided, however, that if on the initial scheduled Expiration Date, the sole condition remaining unsatisfied is the failure of the waiting period under the HSR Act (as hereinafter defined) to have expired or been terminated, the Purchaser shall, and Parent shall cause the Purchaser to, extend the expiration date from time to time until two business days after the expiration of the waiting period under the HSR Act.

(b) Subject to the terms of the Offer and this Agreement and the satisfaction or waiver of all the conditions of the Offer set forth in Annex I hereto as of the Expiration Date, the Purchaser will accept for payment and pay for all Shares validly tendered and not withdrawn pursuant to the Offer as soon as practicable after the Expiration Date.

(c) The Offer Documents will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's shareholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading,

except that no representation is made by Parent or the Purchaser with respect to information supplied by the Company in writing for inclusion in the Offer Documents. No representation, warranty or covenant is made or shall be made herein by the Company with respect to information contained in the Offer Documents other than information supplied by the Company in writing expressly for inclusion in the Offer Documents. Each of Parent and the Purchaser, on the one hand, and the Company, on the other hand, agrees promptly to correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect and the Purchaser further agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to the Company's shareholders, in each case as and to the extent required by applicable federal securities laws. Each of Parent and the Purchaser agrees to give the Company a reasonable opportunity to review and comment upon any Offer Document to be filed with the SEC prior to any such filing and to provide in writing any comments each may receive from the SEC or its staff with respect to the Offer Documents promptly after the receipt of such comments.

SECTION 1.02 Company Actions.

(a) Currently with the commencement of the Offer, the Company shall file with the SEC and mail to the holders of Shares a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the Offer (together with any amendments or supplements thereto, the "Schedule 14D-9"). The Schedule 14D-9 will set forth, and the Company hereby represents, that the Board of Directors of the Company, at a meeting duly called and held, has unanimously (i) determined that the Offer and the Merger are fair to and in the best interests of the Company and its shareholders, (ii) approved this Agreement, the Stock Option Agreement and the transactions contemplated hereby and thereby, including the Offer and the Merger, in accordance with the

applicable provisions of the WBCL, and (iii) resolved to recommend that the Company's shareholders accept the Offer, tender their Shares thereunder to the Purchaser and approve and adopt this Agreement and the Merger; provided, however, that such recommendation may be withdrawn, modified or amended to the extent that the Board of Directors of the Company determines in good faith, after consultation with outside counsel, that taking such action is necessary in the exercise of its fiduciary obligations under applicable Law (as hereinafter defined).

(b) The Schedule 14D-9 will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's shareholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied by Parent or the Purchaser in writing for inclusion in the Schedule 14D-9. No representation, warranty or covenant is made or shall be made herein by Parent or the Purchaser with respect to information contained in the Schedule 14D-9 other than information supplied by Parent and/or the Purchaser in writing expressly for inclusion in the Schedule 14D-9. Each of the Company, on the one hand, and Parent and the Purchaser, on the other hand, agree promptly to correct any information provided by either of them for use in the Schedule 14D-9 if and to the extent that it shall have become false or misleading, and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to the Shareholders, in each case as

and to the extent required by applicable federal securities laws. The Company agrees to give each of Parent and the Purchaser a reasonable opportunity to review and comment upon the Schedule 14D-9 to be filed with the SEC prior to such filing and to provide in writing any comments the Company may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly upon receipt of such comments.

(c) In connection with the Offer, the Company will promptly furnish the Purchaser with such information and assistance as the Purchaser or its agents or representatives may reasonably request in connection with communicating the Offer to the record and beneficial holders of the Shares, including, without limitation, mailing labels, its shareholders list, security position listings and non-objecting beneficial owners list, if any, or a computer file containing the names and addresses of all recordholders of Common Shares as of a recent date, and shall furnish the Purchaser with such additional information (including, but not limited to, updated lists of holders of Common Shares and their addresses, mailing labels and lists of security positions). Subject to the requirements of applicable Law, and except for such actions as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Offer and the Merger, Parent and the Purchaser and each of their affiliates, associates, partners, employees, agents and advisors shall hold in confidence the information contained in such labels, shareholders list, security position listings, non-objecting beneficial owners list and the information referred to in the preceding sentence, shall use such information only in connection with the Offer and the Merger, and, if this Agreement is terminated in accordance with its terms, shall deliver promptly to the Company all copies of such information (and any copies, compilations or extracts thereof or based thereon) then in their possession or under their control.

SECTION 1.03 Directors.

(a) Promptly upon the payment by the Purchaser for Shares pursuant to the Offer, and from time to time thereafter, the Purchaser shall be entitled to designate such number of directors, rounded up to the next whole number, on the Board of Directors of the Company as is equal to the product of the total number of directors on the Board of Directors of the Company (determined after giving effect to the directors designated by the Purchaser pursuant to this sentence) multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser or its affiliates bears to the total number

of Shares then outstanding, and the Company shall, subject to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, upon request of the Purchaser, promptly take all actions necessary to cause the Purchaser's designees to be so elected, including, if necessary, promptly increasing the size of the Board of Directors of the Company or seeking the resignations of one or more existing directors, or both; provided, however, that prior to the Effective Time (as defined in Section 2.02) the Board of Directors of the Company shall always have at least two members who are neither officers, directors, shareholders or designees of the Purchaser or any of its affiliates ("Purchaser Insiders"). If the number of directors who are not Purchaser Insiders is reduced below two for any reason prior to the Effective Time, then the remaining directors who are not Purchaser Insiders (or if there is only one director who is not a Purchaser Insider, the remaining director who is not a Purchaser Insider) shall be entitled to designate a person (or persons) to fill such vacancy (or vacancies) who is not an officer, director, shareholder or designee of the Purchaser or any of its affiliates and who shall be a director not deemed to be a Purchaser Insider for all purposes of this Agreement. At such time, the Company

shall, if requested by the Purchaser, also cause persons designated by the Purchaser to constitute at least the same percentage (rounded up to the next whole number) as is on the Board of Directors of the Company of each committee of the Board of Directors of the Company; provided, however, that prior to the Effective Time each committee of the Board of Directors of the Company shall have at least one member who is not a Purchaser Insider.

(b) The Company's obligation to appoint the Purchaser's designees to the Board of Directors of the Company shall be subject to Section 14(f) of the Exchange Act and Rule 14f-1 thereunder. The Company shall promptly take all actions required pursuant to such Section and Rule in order to fulfill its obligations under this Section 1.03, including mailing to the shareholders of the Company the information required by Section 14(f) and Rule 14f-1 as is necessary to enable the Purchaser's designees to be elected to the Board of Directors of the Company, and shall include in the Schedule 14D-9 such information with respect to the Company and its officers and directors as is required under such Section and Rule in order to fulfill its obligations under this Section 1.03. Parent will supply in writing any information with respect to itself and its officers, directors and affiliates required by such Section and Rule to the Company.

(c) From and after the election or appointment of the Purchaser's designees pursuant to this Section 1.03 and prior to the Effective Time, any amendment or termination of this Agreement by the Company, any extension by the Company of the time for the performance of any of the obligations or other acts of Parent or the Purchaser or waiver of any of the Company's rights hereunder, or any other action taken by the Board of Directors of the Company in connection with this Agreement, will require the concurrence of a majority of the directors of the Company then in office who are not Purchaser Insiders.

ARTICLE II

THE MERGER

SECTION 2.01 The Merger. Upon the terms and subject to the satisfaction or waiver of the conditions hereof, and in accordance with the applicable provisions of this Agreement and the WBCL, at the Effective Time (as defined in Section 2.02) the Purchaser shall be merged with and into the Company. Following the Merger, the separate corporate existence of the Purchaser shall cease and the Company shall continue as the surviving corporation (the "Surviving Corporation"). Upon the mutual agreement of Parent and the Company, the Merger may be structured so that the Company shall be merged with and into the Purchaser, with the Purchaser continuing as the Surviving Corporation; provided, however, that the Company shall be deemed not to have breached any of its representations, warranties or covenants herein if and to the extent such breach would have been attributable to such agreement.

SECTION 2.02 Effective Time; Closing. As soon as practicable after

the satisfaction or waiver of the conditions set forth in Article VII hereof, the appropriate parties hereto shall execute in the manner required by the WBCL and file with the Wisconsin Department of Financial Institutions appropriate articles of merger relating to the Merger, and the parties shall take such other and further actions as may be required by Law to make the Merger effective. The time the Merger

becomes effective in accordance with applicable Law is referred to as the Effective Time. On the business day immediately preceding such filing, a closing shall be held at the offices of Foley & Lardner, 777 East Wisconsin Avenue, Milwaukee, WI 53202-5367, unless another date or place is agreed to in writing by the parties hereto, for the purpose of confirming the satisfaction or waiver, as the case may be, of the conditions set forth in Article VII.

SECTION 2.03 Effects of the Merger. The Merger shall have the effects set forth in Section 180.1106 of the WBCL.

SECTION 2.04 Articles of Incorporation and By-Laws of the Surviving Corporation.

(a) Subject to Section 6.11(a) hereof, the articles of incorporation of the Purchaser, as in effect immediately prior to the Effective Time, shall be the articles of incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and hereof and applicable Law.

(b) Subject to Section 6.11(a) hereof, the by-laws of the Purchaser in effect immediately prior to the Effective Time shall be the by-laws of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and hereof and applicable Law.

SECTION 2.05 Directors. Subject to applicable Law, the directors of the Purchaser immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

SECTION 2.06 Officers. The officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

SECTION 2.07 Additional Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that consistent with the terms of this Agreement any further assignments or assurances in law or any other acts are necessary or desirable (i) to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation, title to and possession of any property or right of either the Company or its Subsidiaries (as hereinafter defined) acquired or to be acquired by reason of, or as a result of, the Merger, or (ii) otherwise to carry out the purposes of this Agreement, then, subject to the terms and conditions of this Agreement, each of the Company and its Subsidiaries, and their officers and directors shall be deemed to have granted to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such property or rights in the Surviving Corporation and otherwise to carry out the purposes of this Agreement; and the officers and directors of the Surviving Corporation are fully authorized in the name of either the Company or its Subsidiaries to take any and all such action.

SECTION 2.08 Conversion of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, each Share issued and outstanding immediately prior to the Effective Time (other than any Shares held by Parent, the Purchaser, any wholly-owned

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subsidiary of Parent or the Purchaser, in the treasury of the Company or by any wholly-owned subsidiary of the Company, which Shares, by virtue of the Merger and without any action on the part of the holder thereof, shall be canceled and retired and shall cease to exist with no payment being made with respect thereto, and other than Dissenting Shares (as defined in Section 3.01)) shall be converted into the right to receive in cash the Offer Price (the "Merger Price"), payable to the holder thereof, without interest thereon, in accordance with Article III.

SECTION 2.09 Purchaser Common Stock. Each share of common stock, par value $1.00 per share, of the Purchaser issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one share of common stock of the Surviving Corporation. Each certificate evidencing ownership of any such shares shall, following the Merger, evidence ownership of the same number of shares of common stock of the Surviving Corporation. Notwithstanding the foregoing, if Parent and the Company agree to restructure the Merger as provided in Section 2.01 hereof, then the Purchaser's common stock shall not be affected in any manner by virtue of the Merger.

SECTION 2.10 Company Option Plan. The Company shall take all actions necessary so that, immediately following the Acceptance Date (as defined in Section 6.11), (a) each outstanding option to purchase Common Shares (an "Option") granted under the Company's 1987 Stock Option and Incentive Plan (the "Option Plan"), whether or not then exercisable or vested, shall become fully exercisable and vested, (b) each Option which is then outstanding shall be cancelled and (c) in consideration of such cancellation, and except to the extent that Parent or the Purchaser and the holder of any such Option otherwise agree, immediately following the Acceptance Date, the Company, pursuant to the terms of the Option Plan, shall promptly pay to such holders of Options an amount in respect thereof equal to the product of (i) the excess of the Offer Price over the exercise price thereof and (ii) the number of Common Shares subject thereto (such payment to be net of taxes required by Law to be withheld with respect thereto).

SECTION 2.11 Shareholders' Meeting.

(a) If required by the Company's articles of incorporation and/or applicable Law in order to consummate the Merger, the Company, acting through its Board of Directors, shall, in accordance with applicable Law:

(i) duly call, give notice of, convene and hold a special meeting of the Company's shareholders (the "Shareholders' Meeting") as soon as practicable following the acceptance for payment of and payment for Shares by the Purchaser pursuant to the Offer for the purpose of considering and taking action upon this Agreement;

(ii) promptly prepare and file with the SEC a preliminary information or proxy statement relating to the Merger and this Agreement and (x) obtain and furnish the information required to be included by the SEC in the Proxy Statement (as hereinafter defined) and, after consultation with Parent, respond promptly to any comments made by the SEC with respect to the preliminary information or proxy statement and, subject to compliance with SEC rules and regulations, cause a notice of a special meeting and a definitive information or proxy statement (the "Proxy Statement") to be mailed to the

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shareholders of the Company no later than the time required by applicable Law and the articles of incorporation and the by-laws of the Company, and (y) to obtain the necessary approvals of the Merger and this Agreement by the Shareholders; and

(iii) subject to Section 1.02(a), include in the Proxy Statement the recommendation of the Board of Directors of the Company

that the shareholders of the Company vote in favor of the approval of the Merger and the adoption of this Agreement.

(b) Parent and the Purchaser will furnish to the Company the information relating to Parent and the Purchaser required under the Exchange Act and the rules and regulations thereunder to be set forth in the Proxy Statement.

(c) The Company shall consult with Parent and the Purchaser with respect to the Proxy Statement (and any amendments or supplements thereto) and shall afford Parent and the Purchaser reasonable opportunity to comment thereon prior to its finalization. If, at any time prior to the Shareholder's Meeting, any event shall occur relating to the Company or the transactions contemplated by this Agreement which should be set forth in an amendment or a supplement to the Proxy Statement, the Company will promptly notify in writing Parent and the Purchaser of such event. In such case, the Company, with the cooperation of Parent and the Purchaser, will promptly prepare and mail such amendment or supplement and the Company shall consult with Parent and the Purchaser with respect to such amendment or supplement and shall afford Parent and the Purchaser reasonable opportunity to comment thereon prior to such mailing. The Company agrees to notify Parent and the Purchaser at least three (3) days prior to the mailing of the Proxy Statement (or any amendment or supplement thereto) to the shareholders of the Company.

(d) Parent agrees that it will (i) vote, or cause to be voted, all of the Shares then owned by it, the Purchaser or any of its other subsidiaries in favor of the approval of the Merger and the adoption of this Agreement and (ii) take or cause to be taken all additional corporate actions necessary for the Purchaser to adopt and approve this Agreement and the transactions contemplated hereby.

SECTION 2.12 Merger Without Meeting of Shareholders. Notwithstanding Section 2.11, in the event that (i) Parent, the Purchaser or any other subsidiary of Parent shall have acquired in the aggregate at least 90% of the outstanding Shares pursuant to the Offer (including as a result of the exercise of the Stock Option Agreement) and prior transactions and (ii) Parent and the Company agree to restructure the Merger as provided in Section 2.01, the parties hereto agree, subject to Article VII, to take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after the acceptance for payment of and payment for Shares by the Purchaser pursuant to the Offer without a meeting of the Company's shareholders, in accordance with Section 180.1104 of the WBCL.

SECTION 2.13 Earliest Consummation. Each party hereto shall use its commercially reasonable efforts to consummate the Merger as soon as practicable.

ARTICLE III

DISSENTING SHARES; PAYMENT FOR SHARES

SECTION 3.01 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded payment for such shares in accordance with Sections 180.1301 to 180.1331 of the WBCL, if such Sections provide for dissenters' rights for such Shares in the Merger ("Dissenting Shares"), shall not be converted into the right to receive the Merger Price as provided in Section 2.07, unless and until such holder fails to perfect or withdraws or otherwise loses his or her right to dissent and demand payment under the WBCL. If, after the Effective Time, any such holder fails to perfect or withdraws or loses his or her right to demand payment, then such Dissenting Shares shall thereupon be treated as if they had been converted as of the Effective Time into the right to receive the Merger Price, if any, to which such holder is entitled, without interest or dividends thereon, and such Shares shall no longer be Dissenting Shares. The Company shall give Parent prompt notice of any demands received by the Company for payment of Shares and, prior to the Effective Time, Parent shall have the right to participate in all

negotiations and proceedings with respect to such demands. Prior to the Effective Time, the Company shall not, except with the prior written consent of Parent, make any payment with respect to or settle or offer to settle, any such demands.

SECTION 3.02 Payment for Shares.

(a) Prior to the commencement of the Offer, Purchaser shall appoint a United States bank or trust company mutually acceptable to the Company and Parent to act as paying agent (the "Paying Agent") for the payment of the Offer Price and the Merger Price. Prior to the payment time thereof, Parent shall deposit or shall cause to be deposited with the Paying Agent in a separate fund established for the benefit of the holders of Shares, for payment upon surrender of the certificates for exchange in accordance with this Article III, through the Paying Agent (the "Payment Fund"), immediately available funds in amounts necessary to make the payments pursuant to the Offer, Section 2.08 and this Section 3.02 to holders (other than Shares held by the Company or any subsidiary of the Company or Parent, Purchaser or any other subsidiary of Parent, or holders of Dissenting Shares). The Paying Agent shall pay the Offer Price and the Merger Price out of the Payment Fund.

From time to time at or after the Effective Time, Parent shall take all lawful action necessary to make the appropriate cash payments, if any, to holders of Dissenting Shares. Prior to the Effective Time, Parent shall enter into appropriate commercial arrangements to ensure effectuation of the immediately preceding sentence. The Paying Agent shall invest the Payment Fund as directed by Parent or the Purchaser in obligations of, or guaranteed by, the United States of America, in commercial paper obligations rated A-1 or P-1 or better by Moody's Investor Services or Standard & Poor's Corporation, respectively, or in certificates of deposit, bank repurchase agreements or bankers' acceptances of commercial banks with capital exceeding $200 million, in each case with maturities not exceeding seven days. Parent shall cause the Payment Fund to be promptly replenished to the extent of any losses incurred as a result of the aforementioned investments. All

earnings thereon shall inure to the benefit of Parent. If for any reason (including losses) the Payment Fund is inadequate to pay the amounts to which holders of Shares shall be entitled under Section 2.08 and this Section 3.02, Parent shall in any event be liable for payment thereof. The Payment Fund shall not be used for any purpose except as expressly provided in this Agreement.

(b) Promptly after the Effective Time, the Paying Agent shall mail to each record holder of certificates (the "Certificates") that immediately prior to the Effective Time represented Shares entitled to payment of the Merger Price pursuant to Section 2.08 (other than Certificates representing Dissenting Shares and Certificates representing Shares held by Parent or the Purchaser, any wholly-owned subsidiary of Parent or the Purchaser, in the treasury of the Company or by any wholly-owned subsidiary of the Company) (i) a form of letter of transmittal which shall (x) specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Paying Agent, (y) contain a representation in a form reasonably satisfactory to Parent as to the good and marketable title of the Shares held by such holder free and clear of Lien (as hereinafter defined), and (z) contain such other customary provisions as the Company and Parent may reasonably specify; and (ii) instructions for use in surrendering such Certificates and receiving the aggregate Merger Price, in respect thereof. Upon the surrender of each such certificate and subject to applicable withholding, the Paying Agent shall (subject to applicable abandoned property, escheat and similar laws) pay the holder of such Certificate in respect of Shares, the Merger Price multiplied by the number of Shares formerly represented by such Certificate, and such Certificate shall forthwith be cancelled. Until so surrendered, each such Certificate (other than Certificates representing Dissenting Shares and Certificates representing Shares held by Parent or the Purchaser, any wholly-owned subsidiary of Parent or the Purchaser, in the treasury of the Company or by any wholly-owned subsidiary of the Company) shall represent solely the right to receive the aggregate Merger Price relating thereto. No interest or dividends shall be

paid or accrued on the Merger Price. If the Merger Price (or any portion thereof) is to be delivered to any person other than the person in whose name the Certificate formerly representing such Shares is registered, it shall be a condition to such right to receive such Merger Price, as applicable, that the Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person surrendering such Certificates shall pay to the Paying Agent any transfer or other taxes required by reason of the payment of the Merger Price to a person other than the registered holder of the Certificate surrendered, or shall establish to the satisfaction of the Paying Agent that such tax has been paid or is not applicable.

(c) Promptly following the first anniversary of the Effective Time, the Paying Agent shall deliver to the Surviving Corporation all cash, Certificates and other documents in its possession relating to the transactions described in this Agreement, and the Paying Agent's duties shall terminate. Thereafter, each holder of a Certificate formerly representing a Share may surrender such Certificate to the Surviving Corporation and (subject to applicable abandoned property, escheat and similar laws) receive in consideration therefor the aggregate Merger Price, without any interest or dividends thereon.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of the Surviving Corporation of any Shares, which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates formerly representing Shares are presented to the Surviving Corporation or the Paying Agent, they shall be surrendered and cancelled in return for the

payment of the aggregate Merger Price relating thereto, as provided in this Article III, subject to applicable law in the case of Dissenting Shares.

(e) Neither the Paying Agent nor any party to this Agreement shall be liable to any shareholder of the Company or Option holder for any Shares, any Options, the Merger Price or cash delivered to a public official pursuant to and in accordance with any abandoned property, escheat or similar law.

(f) The Paying Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any shareholder of the Company or Option holder such amounts as the Company reasonably and in good faith determines are required to be deducted and withheld with respect to the making of such payment under the Code (as hereinafter defined), or any provision of state, local or foreign tax Law. To the extent that amounts are so withheld by the Paying Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the shareholder or Option holder in respect of which such deduction and withholding was made by the Paying Agent.

Section 3.03 No Further Rights or Transfers; Cancellation of Treasury Shares. Except for the surrender of the certificate(s) representing the Common Shares in exchange for the right to receive the Merger Price with respect to each Common Share or the perfection of dissenters' rights with respect to the Dissenting Shares, at and after the Effective Time, the holder of Common Shares shall cease to have any rights as a shareholder of the Company, and no transfer of Common Shares shall thereafter be made on the stock transfer books of the Surviving Corporation. Each Common Share held in the Company's treasury immediately prior to the Effective Time shall, by virtue of the Merger, be canceled and retired and cease to exist without any conversion thereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and the Purchaser as follows (with such exceptions thereto as are set forth in the disclosure statement delivered by the Company to Parent on the date hereof (the "Company Disclosure Statement") in which each item is specifically referenced to the Section of Article IV to which it refers):

SECTION 4.01 Organization and Qualification; Subsidiaries. The Company is a corporation duly organized and validly existing under the laws of the State of Wisconsin. Each of the Company's subsidiaries (the "Subsidiaries") is a corporation duly organized and validly existing under the laws of the jurisdiction of its incorporation. The Company and each of the Subsidiaries has the requisite corporate power and authority to own, operate or lease its properties and to carry on its business as it is now being conducted, and is duly qualified or licensed to do business, and is in good standing, in each jurisdiction in which the nature of its business or the properties owned, operated or leased by it makes such qualification, licensing or good standing necessary, except where the failures to have such power or authority, or the failures to be so qualified, licensed or in good standing, individually, and in the aggregate, would not have a Material Adverse Effect on the

Company. The term "Material Adverse Effect on the Company", as used in this Agreement, means any change in or effect on the business, results of operations, assets, condition (financial or otherwise) or liabilities of the Company or any of the Subsidiaries that is materially adverse to the Company and the Subsidiaries taken as a whole.

SECTION 4.02 Articles of Incorporation and By-Laws. The Company has heretofore made available to Parent and the Purchaser a complete and correct copy of the Company's articles of incorporation and the by-laws, each as amended to the date hereof and a copy of which is set forth in Schedule 4.02 of the Company Disclosure Statement. Neither the Company nor the Subsidiaries are in violation of any provision of their respective articles of incorporation or equivalent organizational document.

SECTION 4.03 Capitalization. The authorized capital stock of the Company consists of 20,000,000 Common Shares. As of the close of business on April 24, 1998, there were 2,918,899 Common Shares issued and outstanding. The Company has no shares of capital stock reserved for issuance, except that, as of April 24, 1998, there were 101,847 Common Shares reserved for issuance pursuant to Options granted pursuant to the Option Plan and 3,110,746 Common Shares reserved for issuance pursuant to the Rights Agreement. No Shares are held by the Company as treasury shares and no Shares have been acquired by the Company that are subject to outstanding pledges to secure future payment of the purchase price therefor. Except as set forth in Schedule 4.03 of the Company Disclosure Statement, since December 31, 1997, the Company has not issued any shares of capital stock except pursuant to the exercise of Options outstanding as of such date and pursuant to other existing Company Benefit Plans (as hereinafter defined), in each case in accordance with their terms. All the outstanding Common Shares are, and all Common Shares which may be issued pursuant to the exercise of outstanding Options and pursuant to the Stock Option Agreement will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and nonassessable, except as otherwise provided in Section 180.0622(2)(b) of the WBCL. There are no bonds, debentures, notes or other indebtedness having general voting rights (or convertible into Shares having such rights) ("Voting Debt") of the Company or any of the Subsidiaries issued and outstanding. Except as set forth in this Section 4.03 or Section 4.03 of the Company Disclosure Statement and except for the Merger and the Stock Option Agreement, there are no existing options, warrants, calls, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of the Company or any of the Subsidiaries, obligating the Company or any of the Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or Voting Debt of, or other equity interest in, the Company or any of the Subsidiaries or securities convertible into or exchangeable for such shares or equity interests or obligations of the Company or any of the Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, agreement, arrangement or commitment. Except (i) as contemplated by the Merger contemplated by this Agreement, (ii) for the Company's obligations under the Option Plans and (iii) for the Company's obligations under the Stock Option Agreement, there are no outstanding contractual obligations of the Company or any of the Subsidiaries to repurchase, redeem or otherwise acquire any Common Shares or the capital stock of the Company or any of the Subsidiaries. Each of the outstanding

shares of capital stock of each of the Subsidiaries is duly authorized, validly issued, fully paid and nonassessable, except as otherwise provided in Section 180.0622(2)(b) of the WBCL, and was not issued in violation of any preemptive rights, and such shares of the Subsidiaries are owned

by the Company or by another Subsidiary free and clear of any lien, claim, option, charge, security interest, limitation, encumbrance and restriction of any kind (any of the foregoing being a "Lien"). To the knowledge of the Company, there are no voting trusts, proxies or other agreements or understandings with respect to the voting of the capital stock of the Company.

SECTION 4.04 Authority. The Company has all necessary corporate power and authority to execute and deliver this Agreement and the Stock Option Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Stock Option Agreement by the Company and the consummation by the Company of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by the Board of Directors of the Company and no other corporate proceedings on the part of the Company are necessary to authorize or approve this Agreement or the Stock Option Agreement or to consummate the transactions contemplated hereby or thereby (other than, with respect to the Merger, the approval and adoption of the Merger and this Agreement by holders of the Shares to the extent required by the Company's articles of incorporation and by applicable Law). This Agreement and the Stock Option Agreement have been duly and validly executed and delivered by the Company and, assuming the due and valid authorization, execution and delivery of this Agreement and the Stock Option Agreement by Parent and the Purchaser, constitute valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity. The Board of Directors of the Company has, at a meeting of such Board duly held on April 27, 1998, unanimously approved and adopted this Agreement, the Stock Option Agreement, the Offer and the Merger and the other transactions contemplated hereby and thereby, determined that the Offer Price to be received by the holders of Shares pursuant to the Offer and the Merger is fair to the holders of the Shares and recommends that the holders of Shares tender their Shares pursuant to the Offer and approve and adopt this Agreement and the Merger, subject to the Board's rights under Section 6.09 hereof.

SECTION 4.05 No Conflict; Required Filings and Consents.

(a) None of the execution and delivery of this Agreement or the Stock Option Agreement by the Company, the consummation by the Company of the transactions contemplated hereby or thereby or the compliance by the Company with any of the provisions hereof or thereof will (i) conflict with or violate the articles of incorporation or by-laws of the Company or the comparable organizational documents of any of the Subsidiaries, (ii) conflict with or violate any statute, ordinance, rule, regulation, order, judgment or decree applicable to the Company or the Subsidiaries, or by which any of them or any of their respective properties or assets may be bound or affected, or (iii) result in a violation or breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in any loss of any material benefit, or the creation of any Lien on any of the property or assets of the Company or any of the Subsidiaries (any of the foregoing referred to in clause (ii) or this clause (iii) being a "Violation") pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any of their respective properties may be bound or affected,

except in the case of the foregoing clauses (ii) or (iii) for any Violation which, individually and in the aggregate, would not have a Material Adverse Effect on the Company or would not affect materially and adversely the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement.

(b) None of the execution and delivery of this Agreement or the Stock Option Agreement by the Company, the consummation by the Company of the transactions contemplated hereby or thereby or the compliance by the Company with any of the provisions hereof or thereof will require any consent, waiver, approval, authorization or permit of, or registration or filing with or notification to (any of the foregoing being a "Consent"), any government or subdivision thereof, or any administrative, governmental or regulatory authority, agency, commission, tribunal or body, domestic, foreign or supranational (a "Governmental Entity"), except for (i) compliance with any applicable requirements of the Exchange Act, (ii) the filing of articles of merger pursuant to the WBCL, (iii) compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (iv) such filings and approvals as may be required by any applicable state securities, "blue sky" or takeover Laws, and (v) other Consents or filings the failure of which to obtain or make, individually and in the aggregate, would not have a Material Adverse Effect on the Company or materially adversely affect the ability of the Company to consummate the transactions contemplated by this Agreement and the Stock Option Agreement.

SECTION 4.06 SEC Reports and Financial Statements.

(a) The Company has filed with the SEC all forms, reports, schedules, registration statements and definitive proxy statements required to be filed by the Company with the SEC from December 31, 1995 until the date hereof (the "SEC Reports"). As of their respective dates or, if amended, as of the date of the last such amendment, the SEC Reports, including, without limitation, any financial statements or schedules included therein, complied in all material respects with the requirements of the Exchange Act or the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder applicable, as the case may be, to such SEC Reports, and none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The audited consolidated balance sheets as of December 31, 1997, 1996 and 1995 and the related consolidated statements of income, shareholders' equity and cash flows for each of the four years in the period ended December 31, 1997 (including the related notes and schedules thereto) of the Company contained in the Company's Annual Reports on Form 10-K for the years ended December 31, 1997 and 1996 included in the SEC Reports present fairly, in all material respects, the consolidated financial position and the consolidated results of operations and cash flows of the Company and its consolidated subsidiaries as of the dates or for the periods presented therein in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto).

(c) The accounting books and records of the Company and its Subsidiaries: (i) are in all material respects correct and complete; (ii) are current in a manner consistent with past practice; and (iii) to the knowledge of the Company, have recorded therein all the properties, assets and liabilities

of the Company and its Subsidiaries (except where the failure to so record would not violate GAAP as consistently applied by the Company).

SECTION 4.07 Information. None of the information supplied by the Company in writing specifically for inclusion or incorporation by reference in

(i) the Offer Documents, (ii) the Schedule 14D-9, (iii) the Proxy Statement or (iv) any other document to be filed with the SEC or any other Governmental Entity in connection with the transactions contemplated by this Agreement (the "Other Filings") will, at the respective times filed with the SEC or other Governmental Entity and, in addition, in the case of the Proxy Statement, at the date it or any amendment or supplement is mailed to the shareholders of the Company, at the time of the Shareholders' Meeting and at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Proxy Statement will comply as to form in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder, except that no representation is made by the Company with respect to statements made therein based on information supplied by Parent or the Purchaser in writing specifically for inclusion in the Proxy Statement.

SECTION 4.08 Tax Matters.

(a) Tax Returns. For all years for which the applicable statutory period of limitation has not expired, and except to the extent that failures, individually or in the aggregate, would not have a Material Adverse Effect on the Company, (i) the Company has filed all Tax Returns (as hereinafter defined) that it was required to file and all such Tax Returns were correct and complete in all material respects, (ii) all Taxes (as hereinafter defined) owed by the Company (whether or not shown on any Tax Return) have been paid, except for Taxes as set forth on the balance sheet dated as of December 31, 1997 or which have arisen after December 31, 1997 in the ordinary course of the Company's trade or business and (iii) there are no Liens on any of the assets of the Company that arose in connection with any failure (or alleged failure) to pay any Tax. In particular, and without in any manner limiting the foregoing and except to the extent that failures, individually or in the aggregate, would not have a Material Adverse Effect on the Company, (i) none of the foregoing Tax Returns contain any position which is or would be subject to penalties under Section 6662 of the Internal Revenue Code of 1986, as amended (the "Code"), (or any corresponding provision of state, local or foreign Tax law), (ii) no Tax deficiencies have been proposed or assessed against the Company, (iii) to the knowledge of the Company, no issue has been raised in any prior Tax audit of the Company which, by application of the same or similar principles, could reasonably be expected upon a future Tax audit of the Company to result in a proposed deficiency for any period, and (iv) the Company is not liable for any Taxes attributable to any other person, whether by reason of being a member of another affiliated group, being a party to a tax sharing agreement, as a transferee or successor, or otherwise. As used herein, the term "Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto; and the term "Tax Return" means any return, declaration, report, claim for refund, or information return or

statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(b) Other Representations. Except as set forth in Schedule 4.08 of the Company Disclosure Statement, the Company has not (i) filed any consent or agreement under Section 341(f) of the Code, (ii) applied for any tax ruling within the last three years, (iii) entered into a closing agreement with any taxing authority within the last three years, (iv) filed an election under Section 338(g) or Section 338(h)(10) of the Code (nor has a deemed election under Section 338(e) of the Code occurred), (v) made any payments, or been a party to an agreement (including this Agreement) that under any circumstances could obligate it to make payments, that will not be deductible because of Section 280G of the Code, or (vi) been a party to any tax allocation or tax sharing agreement for any year for which the applicable statutory period of limitations has not expired. Company is not a "United States real property holding company" within the meaning of Section 897 of the Code.

SECTION 4.09 No Litigation. Except as set forth in Schedule 4.09 of the Company Disclosure Statement, as of the date hereof, there is no action, suit, claim, workers compensation claim, arbitration, product warranty claim, proceeding, investigation or inquiry, whether civil, criminal or administrative ("Litigation"), pending or, to the knowledge of the Company or the Subsidiaries, threatened against the Company or the Subsidiaries, their respective businesses or any of their assets, or, to the knowledge of the Company and if and to the extent the Company is, through indemnity or otherwise, liable therefor, any of the Company's current or former directors or officers or any other person whom the Company has agreed to indemnify, as such, nor does the Company or the Subsidiaries know, or have grounds to know, of any basis for any Litigation, that would have in all of the cases above, individually or in the aggregate, a Material Adverse Effect on the Company. As of date hereof, there are no such actions, suits or proceedings pending or, to the knowledge of the Company, threatened, against the Company by any person which question the legality, validity or propriety of the transactions contemplated by this Agreement. There are no outstanding orders, judgments, injunctions, awards or decrees of any Governmental Entity against the Company, any of its or its properties, assets or business, or, to the knowledge of the Company, any of the Company's current or former directors or officers or any other person whom the Company has agreed to indemnify, as such, that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

SECTION 4.10 Compliance With Applicable Laws.

(a) Non-Environmental Matters. The Company and the Subsidiaries are in compliance with all applicable laws, ordinances, rules or regulations (collectively, "Laws") and orders, writs, injunctions, judgments, plans or decrees (collectively, "Orders") (except, in each case, with respect to environmental matters which are governed by Section 4.10(b) hereof) of any Governmental Entity, except for such failures to so comply which, individually and in the aggregate, would not have a Material Adverse Effect on the Company. The business operations of the Company and the Subsidiaries are not being conducted in violation of any Law or Order of any Governmental Entity (except, in each case, with respect to environmental matters which are governed by Section 4.10(b) hereof), except for possible violations which, individually or in the aggregate, would not have a Material Adverse Effect on the Company.

(b) Environmental Matters. Except for the matters identified in Schedule 4.10 of the Company Disclosure Statement or except as would not reasonably be expected to have a Material Adverse Effect on the Company, (i) no real property currently or, to the knowledge of the Company, formerly owned, leased, operated, managed or controlled by the Company or any Subsidiary has been contaminated with any Hazardous Substances to an extent or in a manner or condition now requiring investigation, removal, corrective action, or remediation, or that could be reasonably likely to result in liability of, or costs to, the Company or any of the Subsidiaries, under any Environmental Law (as hereinafter defined), (ii) no judicial or administrative proceeding is pending or, to the knowledge of the Company, threatened relating to liability for any off-site disposal or contamination, (iii) there is currently no civil, criminal, or administrative action, suit, demand, hearing, notice of violation, investigation, notice or demand letter, or request for information pending, or, to the knowledge of the Company, threatened, under any Environmental Law against the Company or any of the Subsidiaries, the Company and the Subsidiaries have not received in writing any claims or notices alleging liability under any Environmental Law, and the Company has no knowledge of any circumstances that would reasonably be expected to result in such claims, (iv) the Company and each of the Subsidiaries are currently in compliance, and within the period of applicable statutes of limitation, have complied, with all applicable Environmental Laws, (v) no property or facility currently or, to the Company's knowledge as of the date hereof, formerly owned, leased, operated, managed or controlled by the Company or any of the Subsidiaries is listed or proposed for listing on the National Priorities List or the Comprehensive Environmental Response, Compensation and Liability Information System, both promulgated under the Comprehensive Environmental Response, Compensation & Liability Act, as amended, or on any comparable state or foreign list

established under any Environmental Law and (vi) each of the Company and its Subsidiaries has obtained all environmental, health and safety permits and governmental authorizations required for its operations, and such permits are in good standing and each of the Company and its Subsidiaries is in substantial compliance with all items and conditions thereof. "Environmental Law" means any applicable federal, national, foreign, state or local Laws relating to noise, odor, Hazardous Substances, pollution, human health and safety or the protection of the environment. "Hazardous Substance" means any pollutant, contaminant or toxic or hazardous substance or constituent that is defined or regulated by or under authority of any Environmental Law, including without limitation any petroleum products, asbestos or polychlorinated biphenyls, and any other substance that can give rise to liability under any Environmental Law.

SECTION 4.11 Labor Matters.

(a) Certain Agreements. Except as set forth in Schedule 4.11 of the Company Disclosure Statement, neither the Company nor any Subsidiary is a party to any collective bargaining agreement. The employment agreements that have been entered into by either the Company or any Subsidiary are set forth in Schedule 4.11 of the Company Disclosure Statement.

(b) Labor Disputes. Except as set forth in Schedule 4.11 of the Company Disclosure Statement and except to the extent that failures, individually or in the aggregate, would not have a Material Adverse Effect on the Company: (i) there are no pending or, to the knowledge of the Company, threatened and unresolved claims by any person against the Company or its Subsidiaries arising out of any statute, ordinance or regulation relating to unfair labor practices, discrimination or to employees or employee practices or occupational or safety and health standards; (ii) there is

no pending, nor has the Company or its Subsidiaries experienced any, labor dispute, strike or organized work stoppage within the last three years; and (iii) to the knowledge of the Company, there is no threatened labor dispute, strike or organized work stoppage against the Company or its Subsidiaries.

(c) Union Matters. As of the date hereof, except as set forth in Schedule 4.11 of the Company Disclosure Statement: (i) to the knowledge of the Company, no union organizing activities are in process or have been proposed or threatened involving any employees of the Company or its Subsidiaries and (ii) no petitions have been filed or, to the knowledge of the Company, have been threatened or proposed to be filed, for union organization or representation or employees of the Company or its Subsidiaries not presently organized.

SECTION 4.12 Employee Benefit Plans.

(a) Disclosure and Claims. Schedule 4.12 of the Company Disclosure Statement lists each employee benefit plan (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), each employment contract, stock option, profit sharing, stock appreciation right, phantom stock, restricted stock, severance, vacation, termination or other compensation plan, program, arrangement or understanding maintained or contributed to by the Company or the Subsidiaries, or with respect to which the Company or any Subsidiary or any Company ERISA Affiliate (as defined below) could incur material liability (the "Company Benefit Plans"). The Company has delivered or made available to Parent a true and complete copy of each material Company Benefit Plan and the most recent Form 5500 (including all attached schedules) filed with respect to each applicable Company Benefit Plan and the most recent actuarial or financial valuation reports prepared with respect to any Company Benefit Plan. No Company Benefit Plan is a "multiemployer plan" (as defined in Section 4001 of ERISA), and neither the Company nor any Subsidiary has ever contributed nor been obligated to contribute to any such multiemployer plan. There is no pending or, to the knowledge of the Company, threatened dispute, controversy, investigation or claim concerning the Company Benefit Plans other than that would not be reasonably likely to have a Material Adverse Effect on the Company. "Company ERISA Affiliate" shall mean any person which, together with the Company, would be deemed a "single employer" within the meaning of Section 4001 of ERISA.

(b) Determination Letters. The Internal Revenue Service has issued a favorable determination letter with respect to each Company Benefit Plan, that is intended to be a "qualified plan" within the meaning of Section 401(a) of the Code, and as of the date thereof, to the knowledge of the Company, there are no circumstances nor any events that have occurred that would materially adversely affect the qualified status of any such plan or the related trust.

(c) Compliance. The Company and the Subsidiaries and the Company Benefit Plans are in compliance in all material respects with all provisions of ERISA, the Code and all other laws and regulations applicable to the Company Benefit Plans. There does not now exist, nor do any circumstances now exist that could reasonably be expected to result in, any material liability of the Company or any Subsidiary under (i) Title IV of ERISA, (ii) Section 302 of ERISA, (iii) Sections 412 and 4971 of the Code, (iv) Section 4980B of the Code or Sections 502 or 601-608 of ERISA, or (v) any other Laws or Orders with respect to any Company Benefit Plan, other than claims for

benefits under such plans. With respect to each Company Benefit Plan subject to Title IV or Section 302 of ERISA or Section 412 or 4971 of the Code: (i) there does not exist any accumulated funding deficiency within the meaning of Section 412 of the Code or Section 302 of ERISA, whether or not waived, and (ii) no reportable event within the meaning of Section 4043(c) of ERISA and no event described in Section 4062 or 4063 of ERISA has occurred.

(d) Post-Retirement Benefits. No Company Benefit Plan provides material benefits, including, without limitation, death or medical benefits (whether or not insured), with respect to current or former employees of the Company or any Subsidiary beyond their retirement or other termination of service, other than (i) coverage mandated by applicable Laws, (ii) death benefits or retirement benefits under any "employee pension benefit plan" as defined in Section 3(2) of ERISA, (iii) deferred compensation benefits accrued as liabilities on the books of the Company or a Subsidiary, (iv) benefits the full cost of which is borne by the current or former employee (or his or her beneficiary), or (v) medical and dental benefits for former employees (as set forth in Schedule 4.12 of the Company Disclosure Schedule).

(e) Funding. Except with respect to the Hein-Werner Hourly and Incentive-Rated Employees' Pension Plan (the "Hourly Plan"), the current value of the assets of each of the Company Benefit Plans that is subject to Title IV of ERISA, determined as of the date of the most recently completed actuarial valuation, exceeds the actuarial present value of benefit obligations as of such date based upon the actuarial assumptions presently used for funding purposes in the most recent actuarial report prepared by such Company Benefit Plan's actuary with respect to such Company Benefit Plan. According to the most recently completed actuarial valuation with respect to the Hourly Plan, as of the date of such valuation, the actuarial present value of benefit obligations under the Hourly Plan exceeded the actuarial value of assets by $389,902. All contributions or other amounts payable by the Company or its Subsidiaries as of the Effective Time with respect to each Company Benefit Plan in respect of current or prior plan years have been either paid or accrued on the December 31, 1997 consolidated balance sheet of the Company. There are no material pending or, to the knowledge of the Company, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any of the Company Benefit Plans or any trusts related thereto.

(f) Other Plan Obligations. To the knowledge of the Company, neither the Company nor any of its Subsidiaries, nor any Company ERISA Affiliate, nor any Company Benefit Plan, nor any trust created thereunder, nor any trustee or administrator thereof has engaged in a transaction in connection with which the Company or its Subsidiaries or any Company ERISA Affiliate, any Company Benefit Plan, any such trust, or any trustee or administrator thereof, or any party dealing with any Company Benefit Plan or any such trust could be subject to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed pursuant to Section 4975 or 4976 of the Code.

SECTION 4.13 Intellectual Property. Except for the matters

identified in Schedule 4.13 of the Company Disclosure Schedule or except as would not, individually and in the aggregate, have a Material Adverse Effect on the Company, (i) the Company and each of the Subsidiaries owns, has the right to acquire or is licensed or otherwise has the right to use (in each case, clear of any Liens), all Intellectual Property (as defined below) used in or necessary for the conduct of its business as currently conducted, (ii) no claims are pending or, to the knowledge of the Company, threatened that

the Company or any of the Subsidiaries is infringing on or otherwise violating the rights of any person with regard to any Intellectual Property and (iii) to the knowledge of the Company, no person is infringing on or otherwise violating any right of the Company or any of the Subsidiaries with respect to any Intellectual Property owned by and/or licensed to the Company or the Subsidiaries. For purposes of this Agreement, "Intellectual Property" shall mean (i) any invention, United States and foreign patents, pending patent applications, trade names, trade dress, logos, corporate names, trademarks, service marks, trademark registrations, service mark registrations, pending trademark applications, pending service mark applications, registered copyrights, and pending copyright applications, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (ii) proprietary software; and (iii) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals).

SECTION 4.14 Certain Events.

(a) Since December 31, 1997, there has not been any Material Adverse Effect on the Company. In addition, since December 31, 1997, except as set forth in Schedule 4.14 of the Company Disclosure Statement, the Company and the Subsidiaries have conducted their businesses only in the ordinary course of business consistent with past practices and there has not been, directly or indirectly:

(i) any payment or granting by the Company or any of the Subsidiaries of any increase in compensation to any director or executive officer of the Company or, except in the ordinary course of business and consistent with past practice, any employee of the Company or the Subsidiaries;

(ii) any granting by the Company or any of the Subsidiaries to any such director, executive officer or employee of any increase in severance or termination pay, except as required under employment, severance or termination agreements or plans in effect prior to the date of this Agreement;

(iii) any entry by the Company or any of the Subsidiaries into any employment, severance or termination agreement with any such director or executive officer;

(iv) any adoption or increase in payments to or benefits under any Company Benefit Plans;

(v) any change in accounting methods, principles or practices by the Company and the Subsidiaries, except insofar as may have been required by a change in GAAP;

(vi) any declaration or payment of any dividend or any distribution in respect of the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition of any such stock of the Company; or

(vii) any agreement or commitment to do any of the things described in the preceding clauses (i) through (vi).

(b) Except as set forth in Schedule 4.14 of the Company Disclosure Statement, since December 31, 1997 and through the date hereof:

(i) no party (including the Company and its Subsidiaries) has accelerated, terminated, modified in any material respect, or cancelled any Contract (other than purchase and sales orders in the ordinary course of business in accordance with past practice) involving more than $100,000 to which the Company or its Subsidiaries is a party or by which any of them is bound;

(ii) neither the Company nor any of its Subsidiaries has (other than in the ordinary course of business) granted any license or sublicense of any rights under or with respect to any Intellectual Property;

(iii) neither the Company nor any of Subsidiaries has experienced any material damage, destruction, or loss (whether or not covered by insurance) from fire or other casualty to its tangible property; or

(iv) neither the Company nor any of its Subsidiaries has entered into a binding commitment to any of the foregoing.

"Contracts" shall mean all of the contracts, agreements and obligations, written or oral, to which the Company or its Subsidiaries are a party or by which the Company or its Subsidiaries or any of their respective assets are bound, including, without limitation, any loan, bond, mortgage, indenture, lease instrument, franchise or license.

SECTION 4.15 Certain Approvals. The Board of Directors of the Company has taken appropriate action such that, assuming the accuracy of Parent's and the Purchaser's representations in Section 5.08 of this Agreement, the provisions of Sections 180.1140 through 180.1144 of the WBCL will not apply to any of the transactions contemplated by this Agreement and the Stock Option Agreement.

SECTION 4.16 Brokers. Except for the engagement of Credit Suisse First Boston Corporation ("CSFB"), none of the Company, the Subsidiaries, or any of their respective officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commission or finder's fees in connection with the transactions contemplated by this Agreement or the Stock Option Agreement.

SECTION 4.17 Opinion of Financial Advisor. The Company has received the written opinion of CSFB, dated April 27, 1998, to the effect that, as of such date, the cash consideration to be received by the holders of the Common Shares pursuant to the Offer and the Merger is fair to such holders from a financial point of view.

SECTION 4.18 Rights Agreement. Assuming the accuracy of Parent's and the Purchaser's representations in Section 5.08 of this Agreement, neither the execution nor the delivery of this Agreement nor commencement of the Offer will result in a "Distribution Date" (as defined in the Rights Agreement). The Company has irrevocably taken all actions necessary to make the Rights inapplicable to (a) the Offer and the Merger and (b) the Stock Option Agreement and the transactions contemplated thereby.

SECTION 4.19 Title to Assets. All of the material real property owned or leased by each of the Company and its Subsidiaries are identified in the SEC Reports (the "Real Estate"). Each of the Company and its Subsidiaries owns fee simple or valid leasehold (as the case may be) title to the Real

Estate and has valid title to its other tangible assets and properties which it owns, free and clear of any and all Liens, except for any such as would not, individually or in the aggregate, have a Material Adverse Effect on the Company.

SECTION 4.20 Buildings and Equipment. Except as set forth in Schedule 4.20 of the Company Disclosure Statement or except for any such as would not have a Material Adverse Effect on the Company: (i) neither the Company nor any of its Subsidiaries has received any written notice from any Governmental Entity that any of the Buildings or Equipment (each as defined below) fail to comply with any applicable building and zoning or other similar Laws in effect at the date hereof which notice is still outstanding and (ii) the continuation of the Company's and its Subsidiaries' businesses as currently conducted will not result in the enforcement or the threat of enforcement of any such Laws. "Buildings" shall mean all buildings, fixtures, structures and improvements leased or owned by the Company or its Subsidiaries. "Equipment" shall mean all machinery, equipment, boilers, furniture, fixtures, motor vehicles, furnishings, parts, tools, office equipment, computers and other items of tangible personal property owned or used by the Company or its Subsidiaries.

SECTION 4.21 Vote Required. Assuming the accuracy of Parent's and the Purchaser's representations in Section 5.08 of this Agreement and subject to Sections 180.1130-180.1133 of the WBCL, the affirmative vote of the holders of at least two-thirds (2/3rds) of the outstanding Common Shares entitled to vote with respect to the Merger is the only vote of the holders of any class or series of the Company's capital stock necessary to approve the Merger, this Agreement and the transactions contemplated hereby.

SECTION 4.22 Certain Agreements. Except as set forth in Schedule 4.22 of the Company Disclosure Statement, neither the Company nor any of its Subsidiaries is a party to any oral or written agreement or plan, including any stock option plan, stock appreciation rights plan, restricted stock plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement. Except as described in Schedule 4.22 of the Company Disclosure Statement or except for any such as would not result in a Material Adverse Effect on the Company, the transactions contemplated by this Agreement will not constitute a "change of control" under, require the consent from or the giving of notice to any third party pursuant to, or accelerate the vesting or repurchase rights under, the terms, conditions or provisions of any loan or credit agreement, note, bond, mortgage, indenture, license, lease, contract, agreement or other instrument or obligation to which the Company or its Subsidiaries is a party or by which

any of them or any of their properties or assets may be bound. Except as set forth in Schedule 4.22 of the Company Disclosure Statement, there are no amounts payable by the Company or its Subsidiaries to any officers of the Company or its Subsidiaries (in their capacity as officers) as a result of the transactions contemplated by this Agreement and/or any subsequent employment termination.

SECTION 4.23 Applicability of Articles of Incorporation. The Board of Directors of the Company has taken such action as may be necessary to ensure that the supermajority vote provision of Article VII of the Company's articles of incorporation is inapplicable to the Offer or the Merger, or to this Agreement or the transactions contemplated hereby.

SECTION 4.24 Contracts. Except as set forth in Section 4.24 of the Company Disclosure Statement, the Company does not have any Contract in effect as of the date hereof which purports to limit in any respect the manner in which, or the localities in which, the Company, its Subsidiaries or any other entity is entitled to conduct all or any portion of its business. There are no existing breaches or defaults by the Company or its Subsidiaries, or, to the knowledge of the Company, any other party to a Contract under any Contract the effect of which would constitute a Material Adverse Effect on the Company and,

to the knowledge of the Company, no event has occurred which, with the passage of time or the giving of notice or both, could reasonably be expected to constitute such a breach or default.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT AND THE PURCHASER

Parent and the Purchaser jointly and severally represent and warrant to the Company as follows:

SECTION 5.01 Organization and Qualification. Parent is a corporation duly organized, validly existing and in good standing under the laws of Delaware. The Purchaser is a corporation duly organized and validly existing under the laws of the State of Wisconsin. Each of Parent and the Purchaser has the requisite corporate power and authority to own, operate or lease its properties and to carry on its business as it is now being conducted, and is duly qualified or licensed to do business, and is in good standing, in each jurisdiction in which the nature of its business or the properties owned, operated or leased by it makes such qualification, licensing or good standing necessary, except where the failure to have such power or authority, or the failure to be so qualified, licensed or in good standing, would not have a Material Adverse Effect on Parent. The term "Material Adverse Effect on Parent", as used in this Agreement, means any change in or effect on the business, results of operations, assets, condition (financial or otherwise) or liabilities of Parent or any of its subsidiaries that would be materially adverse to Parent and its subsidiaries taken as a whole, except for any change or effect resulting from general economic or financial market conditions.

SECTION 5.02 Authority. Each of Parent and the Purchaser has all necessary corporate power and authority to execute and deliver this Agreement and the Stock Option Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this

Agreement and the Stock Option Agreement by Parent and the Purchaser and the consummation by Parent and the Purchaser of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by the Boards of Directors of Parent and the Purchaser and by the sole shareholder of the Purchaser and no other corporate proceedings on the part of Parent or the Purchaser are necessary to authorize or approve this Agreement or the Stock Option Agreement or to consummate the transactions contemplated hereby or thereby. Each of this Agreement and the Stock Option Agreement has been duly executed and delivered by each of Parent and the Purchaser and, assuming the due and valid authorization, execution and delivery by the Company, constitutes a valid and binding obligation of each of Parent and the Purchaser enforceable against each of them in accordance with its respective terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity.

SECTION 5.03 No Conflict; Required Filings and Consents.

(a) None of the execution and delivery of this Agreement or the Stock Option Agreement by Parent or the Purchaser, the consummation by Parent or the Purchaser of the transactions contemplated hereby or thereby or the compliance by Parent or the Purchaser with any of the provisions hereof or thereof will (i) conflict with or violate the organizational documents of Parent or the Purchaser, (ii) conflict with or violate any statute, ordinance, rule, regulation, order, judgment or decree applicable to Parent or the Purchaser, or any of their subsidiaries, or by which any of them or any of their respective properties or assets may be bound or affected, or (iii) result in a Violation pursuant to any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Parent or the Purchaser, or any of their respective subsidiaries, is a party or by which any of their respective properties or assets may be bound or affected, except in the case of the foregoing clauses (ii) and (iii) for any such Violations which would not have a Material Adverse Effect on Parent or materially adversely affect the ability of Parent or the Purchaser to

consummate the transactions contemplated by this Agreement and the Stock Option Agreement.

(b) None of the execution and delivery of this Agreement or the Stock Option Agreement by Parent and the Purchaser, the consummation by Parent and the Purchaser of the transactions contemplated hereby or thereby or the compliance by Parent and the Purchaser with any of the provisions hereof or thereof will require any Consent of any Governmental Entity, except for (i) compliance with any applicable requirements of the Exchange Act, (ii) the filing of articles of merger pursuant to the WBCL, (iii) compliance with the HSR Act, (iv) such filings and approvals as may be required by any applicable state securities, "blue sky" or takeover Laws, and (v) other Consents or filings the failure of which to obtain or make, individually and in the aggregate, would not have a Material Adverse Effect on Parent or materially adversely affect the ability of Parent or the Purchaser to consummate the transactions contemplated by this Agreement or the Stock Option Agreement.

SECTION 5.04 Information. None of the information supplied or to be supplied by Parent and the Purchaser in writing specifically for inclusion in (i) the Offer Documents, (ii) the Schedule 14D-9, (iii) the Proxy Statement or (iv) the Other Filings will, at the respective times filed with the SEC or such other Governmental Entity and, in addition, in the case of the Proxy Statement,

at the date it or any amendment or supplement is mailed to shareholders of the Company, at the time of the Shareholders' Meeting and at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

SECTION 5.05 Financing. Parent or the Purchaser has available the funds necessary to consummate the Offer and the Merger and the transactions contemplated hereby on a timely basis.

SECTION 5.06 Brokers. Except for the engagement of Merrill Lynch & Co., none of Parent, the Purchaser, or any of their respective subsidiaries, officers, directors or employees, has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement or the Stock Option Agreement for or with respect to which the Company is or might be liable.

SECTION 5.07 Purchaser.

(a) Parent owns all of the outstanding stock of Purchaser; at all times prior to the Merger, no person other than Parent has owned, or will own, any of the outstanding stock of Purchaser. Purchaser was formed by Parent solely for the purpose of engaging in the transactions contemplated by this Agreement.

(b) There are not as of the date of this Agreement, and there will not be at the Effective Time, any outstanding or authorized options, warrants, calls, rights, commitments or any other agreements of any character which Purchaser is a party to, or may be bound by, requiring it to issue, transfer, sell, purchase, redeem or acquire any shares of its capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for or acquire, any shares of its capital stock.

(c) As of the date of this Agreement and the Effective Time, except for obligations incurred in connection with this Agreement or the transactions contemplated hereby, Purchaser has not and will not have incurred, directly or indirectly through any other corporation, any obligations or liabilities of any kind or engaged in any activities of any type or kind whatsoever or entered into any arrangement or arrangements with any person or entity.

SECTION 5.08 Share Ownership. During the period from September 10, 1987 to the date hereof, neither Parent, the Purchaser nor any of their

affiliates have owned 10% or more of the Shares.

ARTICLE VI

COVENANTS

SECTION 6.01 Conduct of Business of the Company. Except as required by this Agreement or with the prior written consent of Parent, during the period from the date of this Agreement to the Effective Time, the Company will and will cause each of the Subsidiaries to conduct its operations

only in the ordinary course of business consistent with past practice and will use its commercially reasonable efforts and will cause each of the Subsidiaries to use its commercially reasonable efforts, to preserve intact the business organization of the Company and each of the Subsidiaries, to use, operate, maintain and repair all of its assets and properties in a normal business manner consistent with past practice, to keep available the services of its and their present officers and key employees and to preserve the goodwill of those having business relationships with it and to conduct business with suppliers, customers, creditors and others having business relationships with the Company in the best interests of the Company. Without limiting the generality to the foregoing, and except as otherwise required or contemplated by this Agreement or the Stock Option Agreement or as set forth in Section 6.01 of the Company Disclosure Statement, the Company will not, and will not permit any of the Subsidiaries to, prior to the Effective Time, without the prior written consent of Parent:

(a) adopt any amendment to its charter or by-laws or comparable organizational documents;

(b) issue, reissue or sell or authorize the issuance, reissuance or sale of additional shares of capital stock of any class, or shares convertible into capital stock of any class, or any rights, warrants or options to acquire any convertible shares or capital stock, other than the issuance of Shares pursuant to Options outstanding on the date of this Agreement or pursuant to the Stock Option Agreement;

(c) declare, set aside or pay any dividend or other distribution (whether in cash, shares or property or any combination thereof) in respect of any class or series of its capital stock other than between any of the Company and any Subsidiary which is wholly-owned by the Company;

(d) split, combine, subdivide, reclassify or directly or indirectly redeem, purchase or otherwise acquire, recapitalize or reclassify, or propose to redeem or purchase or otherwise acquire, any shares of its capital stock, or any of its other shares or liquidate in whole or in part;

(e) except for (A) increases in salary, wages and benefits of non-executive officers or employees of the Company or the Subsidiaries in the ordinary course of business consistent with past practice, (B) increases in salary, wages and benefits granted to officers and employees of the Company or the Subsidiaries in conjunction with new hires in the ordinary course of business consistent with past practice, or (C) increases in salary, wages and benefits to employees of the Company or the Subsidiaries pursuant to collective bargaining agreements entered into in the ordinary course of business consistent with past practice, (i) increase the compensation or fringe benefits payable or to become payable to its directors, officers or key employees (whether from the Company or any of the Subsidiaries), (ii) pay any benefit not required by any existing plan or arrangement (including, without limitation, the granting of stock options, stock appreciation rights, shares of restricted stock or performance units), (iii) grant any severance or termination pay to (except pursuant to existing agreements, plans or policies and as required by such agreements, plans or polices), (iv) enter into or modify any employment or severance agreement with, any director, officer or other key employee of the Company or any of the Subsidiaries or (v) establish, adopt, enter into, or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock or Company Benefit Plans for the benefit or

welfare of any directors, officers

or current or former employees, except in each case to the extent required by applicable Law or regulation;

(f) (i) sell, lease, transfer or assign any of its assets, tangible or intangible, other than for a fair consideration in the ordinary course of business and other than the disposition of obsolete or unusable property; (ii) enter into any Contract (other than purchase and sales orders in the ordinary course of business in accordance with past practice) involving more than $25,000 without the consent of Parent (which consent shall not be unreasonably withheld); (iii) accelerate, terminate, modify in any material respect, or cancel any Contract (other than purchase and sales orders and other than in the ordinary course of business in accordance with past practice) involving more than $25,000 to which the Company is a party or by which any of them is bound without the consent of Parent (which consent shall not be unreasonably withheld; (iv) make any capital expenditure (or series of related capital expenditures) involving either more than $25,000 (unless such expenditure is identified in the current business plan of the Company as disclosed to Parent) or outside the ordinary course of business; (v) delay or postpone the payment of accounts payable and other liabilities outside the ordinary course of business; (vi) cancel, compromise, waive or release any right or claim (or series of related rights and claims) not covered by the reserves or accruals relating to such claim in the Company's December 31, 1997 consolidated balance sheet either involving more than $25,000 or outside the ordinary course of business without the consent of Parent (which consent shall not be unreasonably withheld); (vii) grant any license or sublicense of any rights under or with respect to any Intellectual Property other than in the ordinary course of business; or (viii) enter into any contract or agreement with any affiliate of the Company except for transactions in the ordinary course of business upon commercially reasonable terms.

(g) (i) incur, assume or pre-pay any long-term debt or incur or assume any short-term debt, except that the Company and the Subsidiaries may incur, assume or pre-pay debt in the ordinary course of business consistent with past practice under existing lines of credit, (ii) pay, discharge, settle or satisfy as other claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than in the ordinary course of business consistent with past practice, (iii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, or (iv) make any loans, advances or capital contributions to, or investments in, any other person except in the ordinary course of business consistent with past practice and except for loans, advances, capital contributions or investments between any Subsidiary wholly-owned by the Company and the Company or another Subsidiary wholly-owned by the Company; or

(h) agree in writing or otherwise to take any of the foregoing actions.

SECTION 6.02 Access to Information. From the date hereof until the Effective Time, the Company will, and will cause the Subsidiaries, and each of its and their respective officers, directors, employees, counsel, advisors and representatives (collectively, the "Company Representatives") to, (i) provide Parent and the Purchaser and their respective officers, employees, counsel, advisors and representatives (collectively, the "Parent Representatives") access, during normal business hours and upon reasonable notice, to the offices and other facilities and to the books, records, financial statements and other documents and materials relating to the financial condition, assets and liabilities of the Company and the Subsidiaries, and will permit Parent and the Purchaser to make inspections

of such as either of them may reasonably require, (ii) cause the Company Representatives and the Subsidiaries to furnish Parent, the Purchaser and the Parent Representatives to the extent available with such other information with respect to the business of the Company and the Subsidiaries as Parent and the Purchaser may from time to time reasonably request and (iii) confer and consult with the Parent Representatives, as Parent may reasonably request, to report on operational matters, financial matters and the general status of ongoing business operations of the Company; provided, however, that all requests for such access, inspection, information or consultations pursuant to this Section 6.02 shall be made through the President and Chief Executive Officer of the Company or such other person as he shall designate in writing to Parent. Unless otherwise required by Law and except as is necessary to disseminate the Offer Documents, Parent and the Purchaser will, and will cause the Parent Representatives to hold any such information in confidence until such time as such information otherwise becomes publicly available through no wrongful act of Parent, the Purchaser or the Parent Representative, all as specifically provided in the confidentiality agreement, dated April 21, 1998, between Parent and the Company (the "Confidentiality Agreement").

SECTION 6.03 Commercially Reasonable Efforts. Subject to the terms and conditions herein provided and to applicable legal requirements, so long as this Agreement has not been terminated, each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, consistent with the fiduciary duties of such party's respective Board of Directors, and to assist and cooperate with the other parties hereto in doing, as promptly as practicable, all things necessary, proper or advisable under applicable Laws and regulations to ensure that the conditions set forth in Annex I and Article VII are satisfied and to consummate and make effective the transactions contemplated by the Offer, the Merger, this Agreement and the Stock Option Agreement, including, without limitation, to make promptly their respective filings and thereafter to make any other submissions required under applicable Laws.

In addition, if at any time prior to the Effective Time any event or circumstance relating to either the Company or Parent or the Purchaser or any of their respective subsidiaries should be discovered by the Company or Parent, as the case may be, and which should be set forth in an amendment to the Offer Documents or Schedule 14D-9, the discovering party will promptly inform the other party of such event or circumstance and promptly take all steps necessary to cause the Offer Documents or the Schedule 14D-9, as the case may be, as so corrected to be filed with the SEC and to be disseminated to the shareholders of the Company, in each case as to the extent required by applicable Law. If at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement or the Stock Option Agreement, including the execution of additional instruments, the proper officers and directors of each party to this Agreement or the Stock Option Agreement, as the case may be, shall take all such necessary action.

SECTION 6.04 Consents.

(a) Subject to the terms and conditions herein provided, the Company will (i) take all reasonable steps necessary or desirable, and proceed diligently and in good faith and use all commercially reasonable efforts to obtain all approvals required by any Contract to consummate the transactions contemplated hereby, (ii) take all reasonable steps necessary or desirable, and proceed diligently and in good faith and use all commercially reasonable efforts to obtain all approvals, authorizations, and clearances of any Governmental Entity required of the Company to permit the

Company to consummate the transactions contemplated hereby, (iii) provide such other information and communications to such Governmental Entity as such entity may reasonably request, and (iv) cooperate with Parent in obtaining all approvals, authorizations and clearances of Governmental Entities and others required of Parent to consummate the transactions contemplated by this Agreement or the Stock Option Agreement.

(b) Each of the parties will use its commercially reasonable

efforts to obtain as promptly as practicable all Consents of any Governmental Entity or any other person required in connection with the consummation of the transactions contemplated by the Offer, the Merger, this Agreement and the Stock Option Agreement.

(c) Any party hereto shall promptly inform the others of any material communication from the United States Federal Trade Commission, the Department of Justice or any other domestic government or governmental authority regarding any of the transactions contemplated by this Agreement or the Stock Option Agreement. If any party or any affiliate thereof receives a request for additional information or documentary material from any such government or authority with respect to the transactions contemplated by this Agreement or the Stock Option Agreement, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request. Parent will advise the Company promptly in respect of any understandings, undertakings or agreements (oral or written) which Parent proposes to make or enter into with the Federal Trade Commission, the Department of Justice or any other domestic or foreign government or governmental or multinational authority in connection with the transactions contemplated by this Agreement or the Stock Option Agreement.

SECTION 6.05 Public Announcements. So long as this Agreement is in effect, Parent, the Purchaser and the Company agree to consult with each other before issuing any press release or otherwise making any public statement with respect to the transactions contemplated by this Agreement.

SECTION 6.06 Employee Benefit Arrangements.

(a) Following the Effective Time and through December 31, 1999, the Purchaser agrees to provide employee benefit plans and programs for the benefit of employees of the Company and the Subsidiaries (excluding plans or programs which provide for issuance of Shares or options on Shares) that are of reasonably equivalent value to such employees as compared with the Company Benefit Plans, subject to applicable governmental rules and regulations. All service credited to each employee by the Company or any Subsidiary through the Effective Time shall be recognized by the Purchaser for purposes of eligibility and vesting (but not benefit accrual) under any employee benefit plan provided by the Purchaser for the benefit of the employees.

(b) Parent shall cause the Surviving Corporation to honor (without modification) and assume all written employment agreements with individual employees, severance agreements with individual employees and other comparable agreements with individual employees of the Company or any Subsidiary, all as in effect on the date of this Agreement (including, without limitation, the

Consulting Agreement between the Company and J. Queenan), all of which are listed on Schedule 6.06 of the Company Disclosure Statement.

(c) The Purchaser shall maintain in effect the Company severance plan/program (as specified in the employee handbook) for a period of two years immediately following the Effective Time and the Company severance plan/program shall not be terminated or adversely amended during such two-year period.

(d) The Company shall cause the interest of each of the employees of the Company and the Subsidiaries as of the Acceptance Date (as hereinafter defined) in the Hein-Werner Retirement and Savings Plan and Trust to be fully vested and nonforfeitable as of the Acceptance Date.

(e) For a period of 18 months following the Effective Time, Parent shall cause the Surviving Corporation to continue to provide medical insurance, at COBRA premium rates, to O. Friend.

SECTION 6.07 Company Disclosure Statement. The Company has delivered to Parent the Company Disclosure Statement which shall be accompanied by a certificate signed by the President and the Secretary of the Company stating that the Company Disclosure Schedule was delivered pursuant to this Agreement and is the Company Disclosure Schedule referred to in this Agreement. The

Company Disclosure Schedule is deemed to constitute an integral part of this Agreement and to modify, as specified, the representations, warranties, covenants or agreements of the Company contained in this Agreement.

SECTION 6.08 Deliveries of Information. From time to time after the date of this Agreement and prior to the Effective Time (unless this Agreement is terminated), the Company shall furnish promptly to Parent:

(a) a copy of each report, schedule and other document filed by the Company or received by the Company after the date of this Agreement pursuant to the requirements of federal or state securities Laws promptly after such documents are available; and

(b) the monthly consolidated financial statements of the Company (as prepared by the Company in accordance with its normal accounting procedures) promptly after such financial statements are available.

SECTION 6.09 No Solicitation.

(a) The Company represents and warrants to, and covenants and agrees with, Parent and the Purchaser that neither the Company nor any of the Subsidiaries has any agreement, arrangement or understanding with any potential acquiror that, directly or indirectly, would be violated, or require any payments, by reason of the execution, delivery and/or consummation of this Agreement and the Stock Option Agreement. The Company shall, shall cause the Subsidiaries to, and shall use its commercially reasonable efforts to cause the officers, directors, employees, investment bankers, attorneys and other agents and representatives of the Company and the Subsidiaries to, immediately cease any existing activities, information exchanges, discussions or negotiations with any person

(including a "person" as defined in Section 13(d)(3) of the Exchange Act) other than Parent or the Purchaser (a "Third Party") heretofore conducted with respect to any Acquisition Transaction (as hereinafter defined). The Company shall not, shall cause the Subsidiaries not to, and shall use its commercially reasonable efforts to cause the officers, directors, employees, investment bankers, attorneys and other agents and representatives of the Company and the Subsidiaries not to, directly or indirectly, (x) solicit, initiate, continue, facilitate or encourage (including by way of furnishing or disclosing non-public information) any inquiries, proposals or offers from any Third Party with respect to, or that could reasonably be expected to lead to, any acquisition or purchase of all or any significant portion of the assets or business of, or any significant equity interest in (including by way of a tender offer), or any merger, consolidation or business combination with, or any similar transaction involving, the Company or any of the Subsidiaries (the foregoing being referred to collectively as an "Acquisition Transaction"), or (y) negotiate or otherwise communicate in any way with any Third Party with respect to any Acquisition Transaction or enter into, approve or recommend any agreement, arrangement or understanding requiring the Company to abandon, terminate or fail to consummate the Offer and/or the Merger or any other transaction contemplated hereby or by the Stock Option Agreement. Notwithstanding anything to the contrary in the foregoing, the Company may in response to an unsolicited written proposal with respect to an Acquisition Transaction involving the acquisition of all of the Shares (or all or substantially all of the assets of the Company and the Subsidiaries) from a Third Party furnish or disclose non-public information to such Third Party and negotiate or otherwise communicate with such Third Party, in each case only if (A) the Board of Directors of the Company (after consultation with its outside legal counsel and independent financial advisors) determines in good faith that such proposal would reasonably be likely to be more favorable to the Company and its shareholders than the transactions contemplated hereby (the proposal with respect to an Acquisition Transaction meeting the requirements of clause (A), a "Superior Proposal"), (B) prior to furnishing or disclosing any non-public information to, or entering into discussions or negotiations with, such Third Party, the Company receives from such Third Party a customary confidentiality agreement similar in all material respects to the Confidentiality Agreement, and (C) the Company advises Parent of all such non-public information delivered to such Third Party prior to such delivery;

provided, however, that the Company shall not enter into a definitive agreement with respect to a Superior Proposal unless the Company first complies with Section 6.09(b) hereof, including the last sentence thereof, and then unless the Company concurrently terminates this Agreement in accordance with the terms hereof.

(b) The Company shall promptly (but in any event within one business day of the Company becoming aware of same) advise Parent of the receipt by the Company, any of the Subsidiaries or any of the Company's investment bankers, attorneys or other agents or representatives of any inquiries or proposals relating to an Acquisition Transaction and any actions taken pursuant to Section 6.09(a). The Company shall promptly (but in any event within one business day of the Company becoming aware of same) provide Parent with a copy of any such inquiry or proposal in writing and a written statement with respect to any such inquiries or proposals not in writing, which statement shall include the identity of the parties making such inquiries or proposal and the material terms thereof and will update Parent on an ongoing basis, or upon Parent's reasonable request, of the status thereof; provided, however, that the Company shall not be obligated to provide a copy of, or a written statement with respect to, any such inquiry if the Board of Directors of the Company determines in good faith, after consultation with outside legal counsel, that not providing such copy or written statement is necessary to allow the Board of Directors of the

Company to fulfill its fiduciary duties to the shareholders of the Company under applicable Law. For the avoidance of doubt, the Company agrees that it will not terminate this Agreement and enter into any agreement with respect an Acquisition Transaction unless and until Parent has been given the opportunity at least two business days prior to the entering into such agreement to match the terms of such agreement.

(c) Nothing contained in this Section 6.09 shall prohibit the Company from disclosing to its shareholders a position contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act or from making any disclosure to its shareholders if, in the good faith judgment of its Board of Directors, after consultation with outside legal counsel, failure to so disclose would result in a violation of applicable Law.

SECTION 6.10 Notification of Certain Matters. Parent and the Company shall promptly notify each other of (a) the occurrence or non-occurrence of any fact or event which would be reasonably likely (i) to cause any representation or warranty contained in this Agreement or the Stock Option Agreement to be untrue or inaccurate in any material respect at any time from the date hereof to the Effective Time or (ii) to cause any covenant, condition or agreement hereunder or under the Stock Option Agreement not to be complied with or satisfied in all material respects and (b) any failure of the Company, Parent or the Purchaser, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder or under the Stock Option Agreement in any material respect; provided, however, that no such notification shall affect the representations or warranties of any party or the conditions to the obligations of any party hereunder or under the Stock Option Agreement.

SECTION 6.11 Indemnification and Insurance.

(a) The Purchaser and Parent agree that for a period of six years from the date the Shares are purchased by Parent or the Purchaser in the Offer (the "Acceptance Date"), the Purchaser will maintain all rights to indemnification now existing in favor of the current or former directors, officers, employees, fiduciaries and agents of the Company as provided in the Company's articles of incorporation and by-laws or otherwise in effect under any agreement on the date of this Agreement. In addition, the Purchaser and Parent agree that the articles of incorporation and by-laws of the Surviving Corporation shall contain the provisions with respect to indemnification set forth in the Company's articles of incorporation and by-laws on the date hereof, which provisions shall not be amended, repealed or otherwise modified for a period of six years after the Acceptance Date in any manner that would adversely affect the rights thereunder of individuals who at any time prior to

the Effective Time were directors or officers of the Company in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), unless such modification is required by Law. Notwithstanding the six-year period specified in the foregoing sentences, in the event any claim or claims are asserted or made within such six-year period, all rights to indemnification in respect of any such claim or claims shall continue until disposition of any and all such claims.

(b) The Surviving Corporation will at all times exercise the powers granted to it by its articles of incorporation, its by-laws, and by applicable Law to indemnify and hold harmless to the fullest extent possible present or former directors, officers, employees, fiduciaries and agents of the

Company against any threatened or actual claim, action, suit, proceeding or investigation made against them arising from their service in such capacities (or service in such capacities for another enterprise at the request of the Company) prior to, and including the Acceptance Date, including, without limitation, with respect to matters relating to this Agreement.

(c) Parent agrees that the Company and, from and after the Acceptance Date, the Surviving Corporation shall cause to be maintained in effect for not less than six years from the Acceptance Date the current policies of the directors' and officers' liability insurance maintained by the Company with respect to matters occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement); provided that the Surviving Corporation may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous and provided that such substitution shall not result in any gaps or lapses in coverage with respect to matters occurring prior to the Effective Time; and provided, further, that the Surviving Corporation shall not be required to pay an annual premium in excess of 200% of the last annual premium paid by the Company prior to the date hereof and if the Surviving Corporation is unable to obtain the insurance required by this Section 6.11(c) it shall obtain as much comparable insurance as possible for an annual premium equal to such maximum amount.

(d) This Section 6.11 is intended to benefit the current and former directors, officers, employees, fiduciaries and agents of the Company and shall be binding on all successors and assigns of Parent, the Purchaser, the Company and the Surviving Corporation.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 7.01 Conditions to Each Party's Obligation to Effect the Merger If the Offer Shall Have Been Consummated. The respective obligations of Parent, the Purchaser and the Company to consummate the Merger if the Offer shall have been consummated are subject to the satisfaction or waiver in writing by each party hereto at or before the Effective Time, of each of the following conditions:

(a) Shareholder Approval. The Shareholders shall have duly approved the transactions contemplated by this Agreement, to the extent required pursuant to the requirements of the Company's articles of incorporation and applicable Law.

(b) Purchase of Shares. The Purchaser shall have accepted for payment and paid for Shares pursuant to the Offer in accordance with the terms hereof; provided, that this condition shall be deemed to have been satisfied with respect to Parent and the Purchaser if the Purchaser fails to accept for payment or pay for Shares pursuant to the Offer in violation of the terms of the Offer.

(c) Injunctions; Illegality. The consummation of the Merger shall not be restrained, enjoined or prohibited by any order, judgment, decree,

injunction or ruling of a court of competent jurisdiction or any Governmental Entity, and there shall not have been any statute, rule or regulation

enacted, promulgated or deemed applicable to the Merger by any Governmental Entity that prevents the consummation of the Merger.

SECTION 7.02 Condition to Parent's and the Purchaser's Obligation to Effect the Merger. The obligations of Parent and the Purchaser to consummate the Merger are further subject to the fulfillment of the condition that all actions contemplated by Section 2.10 hereto shall have been taken, which may be waived in whole or in part by Parent or the Purchaser.

ARTICLE VIII

TERMINATION; AMENDMENTS; WAIVER

SECTION 8.01 Termination. This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Time, whether or not approval thereof by the shareholders of the Company has been obtained:

(a) by the mutual written consent of Parent, the Purchaser and the Company prior to the date on which Parent's designees constitute a majority of the Board of Directors of the Company; or

(b) by the Company if the Company is not in material breach of any of its representations, warranties, covenants or arrangements contained in this Agreement and the Stock Option Agreement and if (i) the Purchaser fails to commence the Offer as provided in Section 1.01 hereof, (ii) the Purchaser shall not have accepted for payment and paid for Shares pursuant to the Offer in accordance with the terms thereof on or before August 31, 1998 or (iii) the Purchaser fails to purchase validly tendered Shares in violation of the terms of the Offer or this Agreement; or

(c) by Parent or the Company if the Offer expires or is terminated or withdrawn pursuant to its terms without any Shares being purchased thereunder; provided, however, that Parent may terminate this Agreement pursuant to this Section 8.01(c) upon the termination or withdrawal of the Offer only if Parent's or the Purchaser's termination or withdrawal of the Offer is not in violation of the terms of this Agreement or the Offer; or

(d) by Parent or the Company if any court or other Governmental Entity shall have issued, enacted, entered, promulgated or enforced any order, judgment, decree, injunction, or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, judgment, decree injunction, ruling or other action shall have become final and nonappealable; or

(e) by the Company if, prior to the purchase of Shares pursuant to the Offer in accordance with the terms of this Agreement, (i) there shall have occurred, on the part of Parent or the Purchaser, a material breach of any representation, warranty, covenant or agreement contained in this Agreement which is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the Company to the party committing the breach, except in any case, such failures which are not reasonably likely to affect adversely Parent's or the Purchaser's ability to complete the Offer or the Merger, or (ii) the Company enters into a definitive agreement with respect

to a Superior Proposal as permitted under Section 6.09(a) hereof and after complying with the provisions of Section 6.09(b) hereof and making the payments

referred to in Section 8.03(b) hereof; or

(f) by Parent if, prior to the purchase of Shares pursuant to the Offer in accordance with the terms of this Agreement, (i) there shall have occurred, on the part of the Company, a breach of any representation, warranty, covenant or agreement contained in this Agreement which individually, or in the aggregate, if not cured would be reasonably likely to have a Material Adverse Effect on the Company and which is not curable or, if curable, is not cured within the later of (x) 30 days after written notice of such breach is given by Parent to the Company and (y) the satisfaction of all conditions to the Offer not related to such breach or (ii) the Board of Directors of the Company or committee thereof shall have withdrawn or modified (or shall have resolved to withdraw or modify), in a manner adverse to Parent, its approval or recommendation of this Agreement or any of the transactions contemplated hereby and the Board of Directors of the Company and such committee shall not have fully reinstated such approval or recommendations within three business days after a request by Parent to so reinstate or shall have recommended (or resolved to recommend) an Acquisition Transaction (other than the Offer and Merger) to the shareholders of the Company; or

(g) by Parent if it is not in material breach of its obligation hereunder or under the Offer and no Shares shall have been purchased pursuant to the Offer on or before August 31, 1998.

SECTION 8.02 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.01, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party or its directors, officers or shareholders of the Company, other than the provisions of this Section 8.02, Section 8.03 and the last sentence of Section 6.02, which shall survive any such termination. Nothing contained in this Section 8.02 shall relieve any party from liability for any breach of this Agreement or the Confidentiality Agreement.

SECTION 8.03 Fees and Expenses.

(a) Subject to Section 8.03(b), whether or not the Merger is consummated, all costs and expenses incurred in connection with the Offer, this Agreement, the Stock Option Agreement and the transactions contemplated by this Agreement and the Stock Option Agreement shall be paid by the party incurring such expenses.

(b) Parent and the Company agree that (i) in the event this Agreement is terminated pursuant to Section 8.01(e)(ii) or (ii) in the event that (x) any person shall have publicly disclosed a proposal regarding an Acquisition Transaction and (y) following such disclosure, either (a) August 31, 1998 occurs without the shareholder approval of the Merger being obtained (other than as a result of a material breach hereof by Parent or the Purchaser that has not been cured within the time period set forth in Article VIII of this Agreement) or (b) the Company breaches (prior to the time that the designees of the Purchaser constitute a majority of the Board of Directors of the Company) any of its material obligations hereunder and does not cure such breach within the time period set forth in Article VIII of this Agreement or (c) the Agreement is terminated pursuant to Section 8.01(f)(ii), and (z) not later than twelve months after any such termination the Company shall have entered into a definitive agreement for an Acquisition Transaction, or an Acquisition

Transaction shall have been consummated, then the Company shall pay to an account designated by Parent a termination fee, in immediately available funds, of $1,000,000 (the "Termination Fee") and shall reimburse Parent for out-of-pocket fees and expenses (but in no event greater than $350,000) reasonably incurred by Parent and the Purchaser in connection with this Agreement, the Offer and the Merger. The Termination Fee and any reimbursement of expenses shall be paid prior to, and shall be a condition to the effectiveness of, any termination of this Agreement referred to in clause (i) above or on the next business day after the earlier of such Acquisition Transaction being consummated or a definitive agreement for such Acquisition Transaction being entered into, if such fee and expenses are payable as a

result of clause (ii) above.

SECTION 8.04 Amendment. Subject to Section 1.03(c), this Agreement may be amended by the Company, Parent and the Purchaser at any time before or after any approval of this Agreement by the shareholders of the Company but, after any such approval, no amendment shall be made which decreases the Merger Price or which adversely affects the rights of the shareholders of the Company hereunder without the requisite affirmative vote of such shareholders; provided, however, that this Agreement shall not be amended after the time, if ever, that the Purchaser's designees constitute a majority of the Board of Directors of the Company. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties.

SECTION 8.05 Extension; Waiver. Subject to Section 1.03(c), at any time prior to the Effective Time, the parties hereto may (i) extend the time for the performance of any of the obligations or other acts of any other party hereto, (ii) waive any inaccuracies in the representations and warranties contained herein by any other party or in any document, certificate or writing delivered pursuant hereto by any other party or (iii) waive compliance with any of the agreements of any other party or with any conditions to its own obligations, it being understood that the other conditions set forth in Annex I may be waived by Parent and the Purchaser without the consent of the Company. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Non-Survival of Representations and Warranties. The representations and warranties made in this Agreement shall not survive beyond the Effective Time.

SECTION 9.02 Entire Agreement; Assignment.

(a) This Agreement (including the documents and the instruments referred to herein) and the Confidentiality Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof.

(b) Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior

written consent of the other party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. This Agreement is not intended to confer upon any person other than Parent, the Purchaser and the Company any rights or remedies hereunder.

SECTION 9.03 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, each of which shall remain in full force and effect.

SECTION 9.04 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by overnight courier or facsimile to the respective parties as follows:

If to Parent or the Purchaser:
Snap-on Incorporated
10801 Corporate Drive
Kenosha, Wisconsin 53141
Attention: Susan F. Marrinan

Fax: (414) 656-5165

with a copy to:

Skadden, Arps, Slate, Meagher & Flom (Illinois)
333 West Wacker Drive
Chicago, Illinois 60606
Attention: William R. Kunkel
Fax: (312) 407-0411

If to the Company:
Hein-Werner Corporation
2020 Pewaukee Road
Waukesha, Wisconsin 53188
Attention: Joseph L. Dindorf
Fax: (414) 542-7890

with a copy to:

Foley & Lardner
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
Attention: Maurice J. McSweeney
Jay O. Rothman
Fax: (414) 297-4900

or to such other address as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

SECTION 9.05 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

SECTION 9.06 Descriptive Headings. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

SECTION 9.07 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

SECTION 9.08 Obligation of Parent. Whenever this Agreement requires the Purchaser or the Surviving Corporation to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause the Purchaser or the Surviving Corporation to take such action and a guarantee of the performance thereof.

SECTION 9.09 Certain Definitions. As used in this Agreement:

(a) the term "affiliate", as applied to any person shall mean any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting shares, by contract or otherwise;

(b) the term "person" shall include individuals, corporations, partnerships, trusts, other entities and groups (which term shall include a "group" as such term is defined in Section 13(d)(3) of the Exchange Act); and

(c) the term "subsidiary" or "subsidiaries" means, with respect to Parent, the Company or any other person, any corporation, partnership, joint venture or other legal entity of which Parent, the Company or such other

person, as the case may be (either alone or through or together with any other subsidiary), owns, directly or indirectly, stock or other equity interests the holders of which are generally entitled to more than 50% of the vote for the election of the board of directors or other governing body of such corporation or other legal entity.

SECTION 9.10 SPECIFIC PERFORMANCE. THE PARTIES HERETO AGREE THAT IRREPARABLE DAMAGE WOULD OCCUR IN THE EVENT THAT ANY OF THE PROVISIONS OF THIS AGREEMENT WERE NOT PERFORMED IN ACCORDANCE WITH THEIR SPECIFIC TERMS OR WERE OTHERWISE BREACHED. IT IS ACCORDINGLY AGREED THAT THE PARTIES SHALL BE ENTITLED TO AN INJUNCTION OR

INJUNCTIONS TO PREVENT BREACHES OF THIS AGREEMENT AND TO ENFORCE SPECIFICALLY THE TERMS AND PROVISIONS HEREOF IN ANY COURT OF THE UNITED STATES OR ANY STATE HAVING JURISDICTION, THIS BEING IN ADDITION TO ANY OTHER REMEDY TO WHICH THEY ARE ENTITLED AT LAW OR IN EQUITY.

SECTION 9.11 Interpretation. Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular, and all words in any gender shall extend to and include all genders.

SECTION 9.12 No Third Party Beneficiary. Except as provided pursuant to Section 6.11 hereof, the terms and provisions of this Agreement are intended solely for the benefit of the parties hereto and their respective successors and assigns and it is not the intention of the parties to confer third-party beneficiary rights upon any other person.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its respective officer thereunto duly authorized, all as of the day and year first above written.

SNAP-ON INCORPORATED
("Parent")

By: /s/ Robert A. Cornog

Name: Robert A. Cornog
Title: Chairman, President and Chief Executive Officer

SNAP-ON PACE COMPANY
(the "Purchaser")

By: /s/ Susan F. Marrinan

Name: Susan F. Marrinan
Title: Vice President and Secretary

HEIN-WERNER CORPORATION
(the "Company")

By: /s/ Joseph L. Dindorf

Name: Joseph L. Dindorf

Title: President and Chief Executive Officer

ANNEX I

CONDITIONS TO THE OFFER. Notwithstanding any other provisions of the Offer, the Purchaser shall not be required to accept for payment or pay for any tendered Shares if (i) any applicable waiting period under the HSR Act has not expired or terminated or (ii) the Minimum Condition has not been satisfied, and the Purchaser may, subject to the terms of the Merger Agreement, amend the Offer or postpone the acceptance for payment of tendered Shares if at any time on or after the date of the Merger Agreement and before the expiration of the Offer, any of the following events shall occur:

(a) there shall be threatened or pending any suit, action or proceeding by a Governmental Entity against the Purchaser, Parent or the Company (i) seeking to prohibit or impose any material limitations on Parent's or the Purchaser's ownership or operation (or that of Parent's subsidiaries or affiliates) of any or a material portion of their or the Company's businesses or assets, or to compel Parent or the Purchaser or Parent's subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of the Company or Parent and Parent's subsidiaries, in each case taken as a whole, (ii) challenging the acquisition by Parent or the Purchaser of any Shares under the Offer, seeking to restrain or prohibit the making or consummation of the Offer or the Merger or the performance of any of the other transactions contemplated by the Merger Agreement or the Stock Option Agreement, or seeking to obtain from the Company, Parent or the Purchaser any damages that are material in relation to the Company, (iii) seeking to impose material limitations on the ability of the Purchaser, or render the Purchaser unable, to accept for payment, pay for or purchase some or all of the Shares pursuant to the Offer, the Merger or the Stock Option Agreement, or (iv) seeking to impose material limitations on the ability of the Purchaser or Parent effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to the Company's shareholders; or

(b) any Law is enacted, entered, enforced, promulgated or deemed applicable to the Offer or the Merger or the transactions contemplated by the Stock Option Agreement, or any other action is taken by any Governmental Entity, other than the application to the Offer, the Merger or the transactions contemplated by the Stock Option Agreement of applicable waiting periods under the HSR Act, that results, directly or indirectly, in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above; or

(c) (i) the Board of Directors of the Company or any committee thereof withdraws or modifies in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger, the Merger Agreement or the Stock Option Agreement or approves or recommends any Acquisition Transaction, or (ii) the Company enters into any agreement to consummate any Acquisition Transaction; or

(d) any of the representations and warranties of the Company set forth in the Merger Agreement that are qualified as to Material Adverse Effect are not true and correct, or any such representations and warranties that are not so qualified are not true and correct in any respect (when taken together with all other failures of such representations and warranties to be true and correct) that would have a Material Adverse Effect on the Company, in each case at the date of the Merger Agreement or at the scheduled expiration of the Offer (as though made as of such date, except that

those representations and warranties that address matters only as of a

particular date shall remain true and correct as of such date); or

(e) the Merger Agreement shall have been terminated in accordance with its terms; or

(f) the Company shall have failed to perform any obligation or to comply with any agreement or covenant to be performed or complied with by it under the Merger Agreement or the Stock Option Agreement other than any failure which would not have, either individually or in the aggregate, a Material Adverse Effect on the Company; or

(g) any person acquires beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act) of at least 20% of the outstanding Shares (other than any person not required to file a Schedule 13D under the rules promulgated under the Exchange Act or other than pursuant to the Stock Option Agreement); or

(h) there shall have occurred, and continued to exist, (i) any general suspension of, or limitation on prices for, trading in securities on the New York Stock Exchange or the American Stock Exchange, (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) a commencement of a war, armed hostilities or other national or international calamity directly involving the United States (other than an action involving solely United Nations personnel or support of United Nations' personnel), or (iv) in the case of any of the events described in the foregoing clauses (i) through (iii) existing at the time of the commencement of the Offer, a material acceleration or worsening thereof.

The foregoing conditions are for the sole benefit of Parent and the Purchaser and may be asserted by Parent or the Purchaser regardless of the circumstances giving rise to any such condition (including any action or inaction by Parent or the Purchaser not in violation of the Merger Agreement) and may be waived by Parent or the Purchaser in whole or in part at any time and from time to time in their sole discretion. The failure by Parent or the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

The capitalized terms used in this Annex I shall have the meanings set forth in the Agreement to which it is annexed, except that the term "Merger Agreement" shall be deemed to refer to the Agreement to which this Annex I is appended.

Exhibit (3)(a)

STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT, dated as of April 27, 1998 (this "Agreement"), by and among Snap-on Incorporated, a Delaware corporation ("Parent"), Snap-on Pace Company, a Wisconsin corporation and a wholly-owned subsidiary of Parent (the "Purchaser"), and Hein-Werner Corporation, a Wisconsin corporation (the "Company").

W I T N E S S E T H:

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Purchaser and the Company are entering into an Agreement and Plan of Merger (as such agreement may hereafter be amended from time to time, the "Merger Agreement"; capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Merger Agreement), which provides, upon the terms and subject to the conditions thereof, for (i) the commencement by the Purchaser of a tender offer (the "Offer") to purchase, among other things, all of the issued and outstanding shares of the common stock, $1.00 par value, of the Company ("Common Stock") at a price per share equal to the Offer Price and (ii) the subsequent merger of the Purchaser and the Company (the "Merger"), whereby each share of Common Stock, other than shares owned directly or indirectly by Parent, the Purchaser or the Company and other than Dissenting Shares, will be converted into the right to receive in cash the Offer Price applicable thereto; and

WHEREAS, as a condition to the willingness of the parties to enter into the Merger Agreement, Parent and the Purchaser have required that the Company agree, and in order to induce Parent and the Purchaser to enter into the Merger Agreement, the Company has agreed, to grant the Purchaser an option to purchase shares of Common Stock, upon the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement and in the Merger Agreement, the parties hereto agree as follows:

ARTICLE I

THE STOCK OPTION

SECTION 1.1. Grant of Stock Option. Subject to the terms and conditions set forth herein, the Company hereby grants to the Purchaser an irrevocable option (the "Stock Option") to purchase that number of newly issued shares of Common Stock (the "Option Shares") equal to the number of shares of Common Stock that, when added to the number of shares of Common Stock owned by the Purchaser and its affiliates immediately following consummation of the Offer, shall constitute 90%

of the shares of Common Stock then outstanding on a fully diluted basis (giving effect to the issuance of the Option Shares) at a purchase price per Option Share equal to the Offer Price.

SECTION 1.2. Exercise of Stock Option. (a) Subject to the conditions set forth in Section 2.1, the Stock Option may be exercised by the Purchaser, in whole but not in part, at any one time after the occurrence of the Exercise Event (as defined below) and prior to the Termination Date (as defined below).

(b) The "Exercise Event" shall occur for purposes of this Agreement upon the Purchaser's acceptance for payment pursuant to the Offer of shares of Common Stock constituting at least 66-2/3% but less than 90% of the shares of Common Stock then outstanding on a fully diluted basis.

(c) Except as provided in the last sentence of this Section 1.2.(c), the "Termination Date" shall occur for purposes of this Agreement upon the earliest to occur of:

(i) the Effective Time; and

(ii) the termination of the Merger Agreement in accordance

with the terms and conditions thereof.

Notwithstanding the occurrence of the Termination Date, the Purchaser shall be entitled to purchase the Option Shares if it has exercised the Stock Option in accordance with the terms hereof prior to such occurrence, and the occurrence of the Termination Date shall not affect any rights hereunder which by their terms do not terminate or expire prior to or as of such date.

(d) In the event the Purchaser wishes to exercise the Stock Option, the Purchaser shall send to the Company a written notice (an "Exercise Notice", the date of which notice is referred to herein as the "Notice Date") specifying the denominations of the certificate or certificates evidencing the Option Shares which the Purchaser wishes to receive, the place for the closing of the purchase and sale pursuant to the Stock Option (the "Closing") and a date not earlier then three (3) business days nor later then ten (10) business days from the Notice Date for the Closing (the "Closing Date"); provided, however, that (i) if the Closing cannot be consummated by reason of any applicable Laws or Orders, the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which such restriction on consummation has expired or been terminated and (ii) without limiting the foregoing, if prior notification to or approval of any Governmental Entity is required in connection with such purchase, the Purchaser and the Company shall promptly file the required notice or application for approval and shall cooperate in the expeditious filing of such notice or application, and the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which, as the case may be, (A) any required notification period has expired or been terminated or (B) any required approval has been obtained, and in either event, any requisite waiting period has expired or been terminated. The Company shall, within two (2) business days after receipt of the Exercise Notice, deliver written notice to the Purchaser specifying the number of Option Shares and the aggregate purchase price therefor.

ARTICLE II

CLOSING

SECTION 2.1. Conditions to Closing. The obligation of the Company to deliver Option Shares upon the exercise of the Stock Option is subject to the following conditions:

(a) All waiting periods, if any, under the HSR Act applicable to the issuance and delivery of the Option Shares hereunder shall have expired or have been terminated; and

(b) There shall be no preliminary or permanent injunction or other final, non-appealable judgment by a court of competent jurisdiction preventing or prohibiting the exercise of the Stock Option or the issuance and delivery of the Option Shares in respect of such exercise.

SECTION 2.2. Closing. (a) At the Closing, (i) the Company shall deliver to the Purchaser a certificate or certificates evidencing the applicable number of Option Shares (in the denominations specified in the Exercise Notice), each such certificate or certificates being duly executed by the Company and registered in the name of the Purchaser, and (ii) the Purchaser shall purchase each such Option Share from the Company at the Offer Price. Payment by the Purchaser of the Offer Price for each of the Option Shares shall be made by wire transfer of immediately available funds to an account designated by the Company, in an amount equal to the sum of the product of (i) the Offer Price and (ii) the total number of Option Shares delivered at the Closing.

(b) The Company shall pay all expenses, and any and all Federal, state and local taxes and other charges, that may be payable in connection with the preparation, issuance and delivery of stock certificates under this Section 2.2.

(c) Certificates evidencing Option Shares delivered hereunder may include legends legally required including the legend in substantially the

following form:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY BE REOFFERED OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

It is understood and agreed that the foregoing legend shall be removed by delivery of substitute certificate(s) without such legend upon the sale of the Option Shares pursuant to a registered public offering or Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), or any other sale as a result of which such legend is no longer required.

SECTION 2.3. Adjustments Upon Changes in Capitalization. In the event of any change in the number of issued and outstanding shares of Common Stock by reason of any stock dividend, subdivision, merger, recapitalization, combination, conversion or exchange of shares, or any other change in the corporate or capital structure of the Company (including, without limitation, the declaration or payment of an extraordinary dividend of cash or securities) which would have the

effect of diluting or otherwise adversely affecting the Purchaser's rights and privileges under this Agreement, the number and kind of the Option Shares and the consideration payable in respect of the Option Shares shall be appropriately and equitably adjusted to restore to the Purchaser its rights and privileges under this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and the Purchaser (except as otherwise disclosed in writing on the date hereof) as follows:

SECTION 3.1. Organization; Authority Relative to this Agreement. The Company is a corporation duly organized and validly existing under the laws of the State of Wisconsin. The Company has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due and valid authorization, execution and delivery by Parent and the Purchaser, constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, and by general equitable principles.

SECTION 3.2. Authority to Issue Shares. The Company has taken all necessary corporate action to authorize and reserve and permit it to issue, and at all times from the date hereof through the Termination Date shall have reserved, all the Option Shares issuable pursuant to this Agreement. All of the shares of Common Stock issuable under the Stock Option, upon their issuance and delivery in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and nonassessable (except as otherwise provided in Section 180.0622(2)(b) of the WBCL), will be delivered free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Purchaser's voting rights, charges, adverse rights and other encumbrances of any nature whatsoever (other than this Agreement) and will not be subject to any preemptive rights. Upon the delivery to the Purchaser by the Company of a certificate or certificates evidencing the Option Shares, the Purchaser will receive good, valid and marketable title to the Option Shares.

ARTICLE IV

COVENANTS OF THE COMPANY

SECTION 4.1. Further Action. The Company shall use its commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the

transactions contemplated hereunder, including, without limitation, using all reasonable efforts to obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT AND THE PURCHASER

Parent and the Purchaser hereby represent and warrant to the Company as follows:

SECTION 5.1. Organization; Authority Relative to this Agreement. Each of Parent and the Purchaser is a corporation duly organized and validly existing under the laws of the jurisdiction of its incorporation. Each of Parent and the Purchaser has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Parent and the Purchaser and the consummation by Parent and the Purchaser of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of Parent and the Purchaser. This Agreement has been duly and validly executed and delivered by Parent and the Purchaser and, assuming the due and valid authorization, execution and delivery by the Company, constitutes a valid and binding obligation of Parent and the Purchaser, enforceable against each of Parent and the Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, and by general equitable principles.

SECTION 5.2. Distribution. Any Option Shares the Purchaser purchases pursuant to this Agreement are being purchased for investment purposes only and not with a view to any public distribution thereof.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1. Amendment. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 6.2. Waiver. Any party hereto may (a) extend the time for or waive compliance with the performance of any obligation or other act of any other party hereto or (b) waive any inaccuracy in the representations and warranties contained herein or in any document delivered pursuant hereto. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

SECTION 6.3. Fees and Expenses. Except as otherwise provided herein or in Section 8.03 of the Merger Agreement, all costs, fees and expenses incurred in connection with this Agreement shall be paid by the party incurring such expenses.

SECTION 6.4. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed given if delivered personally or sent by telecopy or by overnight courier (providing proof of delivery) to the respective parties at their addresses as specified in Section 9.04 of the Merger Agreement.

SECTION 6.5. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner to the fullest extent permitted by applicable Law in order that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible.

SECTION 6.6. Assignment; Binding Effect; Benefit. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise, by any of the parties hereto without the prior written consent of the other parties. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 6.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without giving effect to the principles of conflicts of laws thereof.

SECTION 6.8. ENFORCEMENT. THE PARTIES AGREE THAT IRREPARABLE DAMAGE WOULD OCCUR IN THE EVENT THAT ANY OF THE PROVISIONS OF THIS AGREEMENT WERE NOT PERFORMED IN ACCORDANCE WITH THEIR SPECIFIC TERMS OR WERE OTHERWISE BREACHED. IT IS ACCORDINGLY AGREED THAT THE PARTIES SHALL BE ENTITLED TO AN INJUNCTION OR INJUNCTIONS TO PREVENT BREACHES OF THIS AGREEMENT AND TO ENFORCE SPECIFICALLY THE TERMS AND PROVISIONS OF THIS AGREEMENT IN ANY COURT OF THE UNITED STATES OR ANY STATE HAVING JURISDICTION, THIS BEING IN ADDITION TO ANY OTHER REMEDY TO WHICH THEY ARE ENTITLED AT LAW OR IN EQUITY.

SECTION 6.9. Headings. The descriptive headings contained in this Agreement are included for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 6.10. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each

of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

SECTION 6.11. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, all as of the date first written above.

SNAP-ON INCORPORATED
("Parent")

By: /s/ Robert A. Cornog

Name: Robert A. Cornog
Title: Chairman, President and Chief Executive Officer

SNAP-ON PACE COMPANY
(the "Purchaser")

By: /s/ Susan F. Marrinan

Name: Susan F. Marrinan
Title: Vice President and Secretary

HEIN-WERNER CORPORATION
(the "Company")

By: /s/ Joseph L. Dindorf

Name: Joseph L. Dindorf
Title: President and Chief Excecutive Officer

EXHIBIT (3)(b)

JOINT FILING AGREEMENT

This will confirm the agreement by and between the undersigned that the Statement on Schedule 13D (the "Statement") filed on or about this date with respect to shares of common stock, par value $1.00 per share, of Hein-Werner Incorporated, a Wisconsin corporation, is being filed on behalf of the undersigned.

Each of the undersigned hereby acknowledges that pursuant to Rule 13d-1(f) promulgated under the Securities Exchange Act of 1934, as amended, each person on whose behalf the Statement is filed is responsible for the timely filing of such statement and any amendments thereto, and for the completeness and accuracy of the information concerning such person contained therein, and that such person is not responsible for the completeness or accuracy of the information concerning the other persons making the filing, unless such person knows or has reason to believe that such information is inaccurate.

This Agreement may be executed in one or more counterparts by each of the undersigned, each of which, taken together, shall constitute one and the same instrument.

Date: May 4, 1998

SNAP-ON PACE COMPANY

By: /s/ SUSAN F. MARRINAN

Name: Susan F. Marrinan
Title: Vice President

SNAP-ON INCORPORATED

By: /s/ DONALD S. HUML

Name: Donald S. Huml
Title: Senior Vice President