

Division of Corporations

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P100009546

Florida Department of State
Division of Corporations
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Merger
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R. WHITE

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MERGER OR SHARE EXCHANGE
FAAC INTERNATIONAL, INC.

Certificate of Status	0
Certified Copy	0
Page Count	27
Estimated Charge	\$70.00

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TALLAHASSEE FLORIDA

COVER LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: FAAC INTERNATIONAL, INC.
Name of Surviving Corporation

The enclosed Articles of Merger and fee are submitted for filing.

Please return all correspondence concerning this matter to following:

Contact Person

Firm/Company

Address

City/State and Zip Code

Jake.Smith@squirepb.com

E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

Name of Contact Person Area Code & Daytime Telephone Number

Certified copy (optional) \$8.75 (Please send an additional copy of your document if a certified copy is requested)

STREET ADDRESS:
Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, Florida 32301

MAILING ADDRESS:
Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, Florida 32314

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14 DEC 30 AM 11:25

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
(Profit Corporations)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, Florida Statutes.

First: The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (if known/ applicable)
PAAC INTERNATIONAL, INC.	Florida	PI0990095546

Second: The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (if known/ applicable)
MAGNETIC AUTOMATION CORP.	Florida	L46209

Third: The Plan of Merger is attached.

Fourth: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

OR 01 / 02 / 2015 (Enter a specific date. NOTE: An effective date cannot be prior to the date of filing or more than 90 days after merger file date.)

Fifth: Adoption of Merger by surviving corporation - (COMPLETE ONLY ONE STATEMENT)
The Plan of Merger was adopted by the shareholders of the surviving corporation on 12/23/2014

The Plan of Merger was adopted by the board of directors of the surviving corporation on _____ and shareholder approval was not required.

Sixth: Adoption of Merger by merging corporation(s) (COMPLETE ONLY ONE STATEMENT)
The Plan of Merger was adopted by the shareholders of the merging corporation(s) on 12/23/2014

The Plan of Merger was adopted by the board of directors of the merging corporation(s) on _____ and shareholder approval was not required.

(Attach additional sheets if necessary)

PLAN OF MERGER
(Non Subsidiaries)

The following plan of merger is submitted in compliance with section 607.1101, Florida Statutes, and in accordance with the laws of any other applicable jurisdiction of incorporation.

First: The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>
FAAC INTERNATIONAL, INC.	Florida

Second: The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>
MAGNETIC AUTOMATION CORP.	Florida
_____	_____
_____	_____
_____	_____
_____	_____

Third: The terms and conditions of the merger are as follows:

As set forth in the Plan of Merger attached hereto as Exhibit A.

Fourth: The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

(Attach additional sheets if necessary)

THE FOLLOWING MAY BE SET FORTH IF APPLICABLE:

Amendments to the articles of incorporation of the surviving corporation are indicated below or attached:

OR

Restated articles are attached:

Other provisions relating to the merger are as follows:



PLAN OF MERGER
(Merger of subsidiary corporation(s))

The following plan of merger is submitted in compliance with section 607.1104, Florida Statutes, and in accordance with the laws of any other applicable jurisdiction of incorporation.

The name and jurisdiction of the parent corporation owning at least 80 percent of the outstanding shares of each class of the subsidiary corporation:

<u>Name</u>	<u>Jurisdiction</u>
_____	_____

The name and jurisdiction of each subsidiary corporation:

<u>Name</u>	<u>Jurisdiction</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The manner and basis of converting the shares of the subsidiary or parent into shares, obligations, or other securities of the parent or any other corporation or, in whole or in part, into cash or other property, and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, and other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

(Attach additional sheets if necessary)

If the merger is between the parent and a subsidiary corporation and the parent is not the surviving corporation, a provision for the pro rata issuance of shares of the subsidiary to the holders of the shares of the parent corporation upon surrender of any certificates is as follows:

If applicable, shareholders of the subsidiary corporations, who, except for the applicability of section 607.1104, Florida Statutes, would be entitled to vote and who dissent from the merger pursuant to section 607.1321, Florida Statutes, may be entitled, if they comply with the provisions of chapter 607 regarding appraisal rights of dissenting shareholders, to be paid the fair value of their shares.

Other provisions relating to the merger are as follows:



12/30/2014 14:13:37 From: To: 8506176380

(9/28)

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER

By and Among

MAGNETIC AUTOMATION CORP.
a Florida corporation

AND

FAAC INTERNATIONAL, INC.
a Florida corporation

Dated as of
December 23, 2014

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of December 23, 2014 is made by and among FAAC INTERNATIONAL, INC., a Florida corporation ("Acquirer"), MAGNETIC AUTOMATION CORP., a Florida corporation ("Magnetic"), FAAC SPA, a corporation organized under the laws of Italy ("FAAC SPA") and Magmatic Holding (SWI), a corporation organized under the laws of Switzerland ("Magmatic Holding"). Acquirer and Magnetic are sometimes collectively referred to herein as the "Parties" and individually as a "Party".

RECITALS

WHEREAS, this Agreement contemplates a transaction in which Magnetic will merge with and into the Acquirer (the "Merger");

WHEREAS, all annexes, disclosure schedules, exhibits and other attachments hereto are incorporated herein by reference and, taken together with this Agreement, including the foregoing Recitals, shall constitute but a single agreement; and

WHEREAS, the parties wish to set forth certain other agreements among them.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the following meanings:

- (a) "Acquirer Common Stock" means the shares of common stock of Acquirer.
- (b) "Authority" means any Federal, state, local or foreign government department, regulatory agency, authority, commission, board, tribunal or court or other law, rule or regulation-making entity having jurisdiction over Acquirer.
- (c) "Code" means the United States Internal Revenue Code of 1986, as amended.
- (d) "Federal" means any United States or non-United States federal jurisdiction.

(e) "Lien" means (i) in respect of any asset other than a security, any lien, charge, claim, security interest, conditional sale agreement, mortgage, security agreement, option, pledge or other encumbrance and (ii) in respect of any security, any of the foregoing (to the extent not imposed by any applicable securities laws) and, in addition, any adverse claim or restriction on voting.

(f) "Magnetic Common Stock" means the shares of common stock of Magnetic.

(g) "Material Adverse Effect" means a material adverse effect on the business, condition (financial or otherwise), results of operations, or properties of the applicable Person, excluding any adverse change, event, development, or effect arising from or relating to (a) general business or economic conditions, including such conditions related to the business of such Person, (b) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (c) financial, banking, or securities markets (including any suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, American Stock Exchange, or Nasdaq Stock Market for a period in excess of three hours or any decline of either the Dow Jones Industrial Average or the Standard & Poor's Index of 500 Industrial Companies by an amount in excess of 15% measured from the close of business on the date hereof), (d) changes in United States generally accepted accounting principles, (e) changes in laws, rules, regulations, orders, or other binding directives issued by any governmental entity, and (f) the taking of any action contemplated by this Agreement and the other agreements contemplated hereby.

(h) "Person" means an individual, a corporation, a partnership, an association, a trust or other entity or organization, including an Authority.

(i) "Requisite Shareholder Approval" means the affirmative vote or approval by written consent of (i) Magnetic in favor of this Agreement and the Merger, (ii) Acquirer in favor of this Agreement and the Merger, (iii) Magmatic Holding in favor of this Agreement and the Merger in its capacity as the sole shareholder of Magnetic; and (iv) FAAC SPA in favor of this Agreement and the Merger in its capacity as the sole shareholder of Acquirer.

(j) "Tax Authority" means the United States Internal Revenue Service and any other Federal, state, local or foreign agency, department or organization responsible for the administration of Taxes.

(k) "Taxes" means any Federal, state, local and foreign income, payroll, withholding, excise, sales, use, license, lease, personal and other property, use and occupancy, business and occupation, mercantile, real estate, gross receipts, employment, severance, stamp, premium, windfall profits, social security (or similar unemployment), disability, transfer, registration, value-added, alternative or add-on minimum, estimated, capital stock and franchise, goods and services, health, social services and education taxes; and any other

tax of any kind whatsoever, including interest, penalties, additions to tax and fines on any of the foregoing, whether or not disputed.

(l) "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.

1.2 Index of Other Definitions. The following terms are defined in this Agreement in the Sections indicated below:

<u>Term</u>	<u>Section</u>
Acquirer	Preamble
Agreement	Preamble
Articles of Merger	2.1(b)(i)
Closing	2.1(a)
Closing Date	2.1(c)(i)
Effective Time	2.1(c)(i)
FAAC International	Preamble
Magnetic	Preamble
Merger	2.1
Parties	Preamble
Per Share Common Merger Consideration	2.1(c)(v)
Securities Act	2.4

1.3 Usage.

(a) Interpretation. In this Agreement, unless a clear contrary intention appears:

- (i) the singular number includes the plural number and vice versa;
- (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (iii) reference to any gender includes each other gender;
- (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;
- (v) reference to any legal requirement means such legal requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time

to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any legal requirement means that provision of such legal requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(vi) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(viii) "or" is used in the inclusive sense of "and/or";

(ix) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and

(x) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

(b) Legal Representation of the Parties. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

ARTICLE II

THE MERGER

2.1 The Merger. On and subject to the terms and conditions of this Agreement, Magnetic will merge with and into Acquirer (the "Merger") at the Effective Time. For the avoidance of all doubt, Acquirer shall be the corporation surviving the Merger.

(a) Closing: Time and Place. The closing of the Merger (the "Closing") shall take place at the Effective Time on the Closing Date, as such terms are defined in Section 2.1(c)(i) below, and the Parties shall have delivered all executed agreements, documents, instruments, certificates and any other items necessary to effectuate the Merger pursuant to this Agreement, to Squire Patton Boggs LLP, 275 Battery Street, Suite 2600, San Francisco, California 94111, by 10:00 a.m., local time, on the Closing Date, or on such earlier date or at such other time and place as the Parties shall mutually agree, subject in all respects to the provisions hereof, including the satisfaction (or waiver, as applicable) of each of the conditions to Closing set forth in Sections 6.1 and 6.2 hereof, which will be needed to effectuate the Closing.

(b) Actions of Closing.

(i) At the Closing, (A) Magnetic will deliver to Acquirer the various certificates, instruments, and documents referred to in Section 6.1 below, (B) Acquirer will

deliver to Magnetic the various certificates, instruments, and documents referred to in Section 6.2 below, and (C) Magnetic and Acquirer will file with the Florida Department of State the Articles of Merger in such standard form as reasonably agreed by Magnetic and Acquirer (the "Articles of Merger").

(ii) Other Deliveries. Such other closing certificates, opinions of counsel and other documents required to be delivered pursuant to this Agreement with respect to the Closing will be exchanged.

(c) Effect of Merger.

(i) General. The Merger shall become effective at the designated time (the "Effective Time") as of the particular date (the "Closing Date") Acquirer and Magnetic designate within the Articles of Merger with the Florida Department of State. The Merger shall have the effect as set forth in the Florida Business Corporations Act. Acquirer may, at any time after the Effective Time, take any action (including executing and delivering any document) in the name and on behalf of either Acquirer or Magnetic in order to carry out and effectuate the transactions contemplated by this Agreement.

(ii) Directors and Officers. The directors and officers of Acquirer at and as of the Effective Time shall be as set forth in Acquirer's bylaws.

(iii) Merger – Cancellation of Magnetic Common Stock. At and as of the Effective Time, each share of Magnetic Common Stock outstanding immediately prior to the Effective Time of the Merger shall, without any action on the part of Magmatic Holding, be converted into Seventy Thousand Five Hundred and Eighteen shares of Acquirer Common Stock (the "Merger Consideration").

2.2 Payment of Merger Consideration.

(a) Payment of Merger Consideration; Stock Exchange Procedure. At the Closing, Magmatic Holding shall surrender to Acquirer the stock certificates representing Magnetic Common Stock held by Magmatic Holding for cancellation and exchange for the Merger Consideration, together with such other documents as may be reasonably required by Acquirer. Upon surrender of such certificates, Acquirer shall deliver to Magmatic Holding a stock certificate representing the Merger Consideration to which such Magmatic Holding is entitled (as determined in accordance with Section 2.1(c)(v)).

(b) No Further Ownership Rights in Magnetic Common Stock. The Merger Consideration conveyed to Magmatic Holding in accordance with the terms hereof shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Magnetic Common Stock formerly represented by such certificates. At the Effective Time of the Merger, the stock transfer books of Magnetic shall be closed and no transfer of shares of Magnetic Common Stock shall thereafter be made on the records of Magnetic.

2.3 Taking of Necessary Action; Further Action. Acquirer, on the one hand, and Magnetic, on the other hand, shall use all reasonable efforts to take all such action

(including, without limitation, action to cause the satisfaction of the conditions of the other to effect the Merger) as may be necessary or appropriate in order to effectuate the Merger as promptly as possible. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest Acquirer with full possession of all the rights, privileges, immunities and franchises of Magnetic, the officers and directors of Acquirer are fully authorized in the name of Magnetic or otherwise to take, and shall take, all such action.

2.4 **Exemption from Registration.** The shares of Acquirer Common Stock to be issued in connection with the Merger will be issued in one or more transactions exempt from registration under (a) the Securities Act of 1933, as amended (the "Securities Act"), by reason of Rule 506 promulgated thereunder and (b) applicable state securities laws.

2.5 **Tax Consequences.** For federal income tax purposes, the Merger is intended to constitute a reorganization within the meaning of Section 368(a)(1)(A) of the Code and the Parties agree to report the Merger and all related transactions consistently with the applicable Section or Sections of the Code and United States Treasury Regulations promulgated thereunder. The Parties also agree to take such actions as may be reasonably required to cause the Merger to be treated as a qualifying reorganization and to take no action which would disqualify the Merger from reorganization status under Section 368 of the Code. The Parties hereby adopt this Agreement as a "plan of reorganization" within the meaning of Section 1.368-2(g) of the United States Treasury Regulations and as the document that defines the rights of the Parties and provides for the execution of the transactions contemplated by the Merger.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF MAGNETIC

Except as disclosed to Acquirer in the Disclosure Schedules delivered in connection with this Agreement, Magnetic represents and warrants to Acquirer that the representations and warranties set forth herein are true and correct on the date hereof and shall be true and correct on the Closing Date.

3.1 **Organization and Good Standing.** Magnetic is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Magnetic has all requisite corporate power and all governmental licenses, authorizations, consents and approvals required for it to own, lease and operate its properties and assets as now owned, leased and operated and to carry on its business as now being conducted and as proposed to be conducted. Magnetic is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so qualified would not have, and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.2 **Magnetic - Capitalization and Ownership.** The authorized capital of Magnetic consists solely of One Thousand (1,000) shares of Magnetic Common Stock, thirty-six of which (36) of which are issued and outstanding as of the Closing Date. Magnetic Common

Stock is owned beneficially and of record by Magmatic Holding and held in Magnetic's treasury and constitutes one hundred percent (100%) of the issued and outstanding capital stock of Magnetic. All of such outstanding shares have been duly authorized, validly issued and are fully paid and nonassessable. All of the outstanding shares of Magnetic Common Stock were issued in compliance with all applicable federal and state securities laws. None of the outstanding securities of Magnetic have been issued in violation of any pre-emptive rights, rights of first refusal or similar rights applicable to Magnetic. No contract, commitment or undertaking of any kind has been made for the issuance of additional shares of capital stock or other securities of Magnetic, nor is there in effect or outstanding any subscription, option, warrant or other right to acquire any shares of Magnetic Common Stock or other instruments convertible into or exchangeable for such shares. There are no voting trust agreements or other contracts, agreements or arrangements restricting or otherwise relating to voting, dividend or other rights with respect to Magnetic Common Stock, except for such agreements that will be terminated prior to the Closing. Upon delivery of Magnetic Common Stock to Acquirer pursuant to the provisions of this Agreement, Acquirer will acquire good, valid and marketable title to Magnetic Common Stock, free and clear of any and all Liens and at Closing there will not exist any declared dividends or accrued but unpaid dividends (whether or not declared) in respect of any of Magnetic Common Stock.

3.3 **Authorization and Enforceability.** Magnetic has the full power and authority to make, execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Magnetic have been duly authorized by all necessary corporate action on the respective parts of Magnetic. This Agreement has been duly executed and delivered by Magnetic and constitutes the legal, valid and binding obligation of Magnetic, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity.

3.4 **No Violation of Laws or Agreements.** The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement and the compliance with the terms, conditions and provisions of this Agreement by Magnetic will not: (a) contravene any provision of the applicable articles of incorporation or bylaws of Magnetic, in each case as amended and as in effect as of the Closing Date; (b) conflict with or result in a breach of or constitute a default (or an event which might, with the passage of time or the giving of notice, or both, constitute a default) under, or result in or permit the modification or termination of any provision of, or result in or permit the acceleration of the maturity or the cancellation of the performance of any obligation under, or result in the creation or imposition of any Lien of any nature whatsoever upon any assets of Magnetic or give to others any interests or rights therein under, any indenture, mortgage, loan or credit agreement, license, contract, or other agreement or commitment to which Magnetic is a party or by which it or any of its assets may be bound or affected, or (c) violate or contravene any judgment or order of any court or Authority, domestic or foreign, or any applicable law, rule or regulation.

3.5 **Consents.** No consent, approval or authorization of, or registration or filing with, any Person, including any Authority, is required solely as the result of the execution and delivery of this Agreement by Magnetic or the consummation by Magnetic of the

transactions contemplated hereby other than such consents as have been obtained by Magnetic as of the date hereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF ACQUIRER

Acquirer represents and warrants to Magnetic as follows:

4.1 Organization and Good Standing. Acquirer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Acquirer has all requisite corporate power and all governmental licenses, authorizations, consents and approvals required for it to own, lease and operate its respective properties and assets as now owned, leased and operated and to carry on its respective business as now being conducted. Acquirer is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so qualified would not have, and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.2 Capitalization and Ownership. The authorized capital of Acquirer consists solely of (a) Ten Million (10,000,000) shares of Acquirer Common Stock, Six Million (6,000,066) of which are issued and outstanding as of the Closing Date. Acquirer Common Stock is owned beneficially and of record by FAAC SPA and held in Acquirer treasury and constitutes one hundred percent (100%) of the issued and outstanding capital stock of Acquirer. All of such outstanding shares have been duly authorized, validly issued and are fully paid and nonassessable. All of the outstanding shares of Acquirer Common Stock were issued in compliance with all applicable federal and state securities laws. None of the outstanding securities of Acquirer have been issued in violation of any pre-emptive rights, rights of first refusal or similar rights applicable to Acquirer. No contract, commitment or undertaking of any kind has been made for the issuance of additional shares of capital stock or other securities of Acquirer, nor is there in effect or outstanding any subscription, option, warrant or other right to acquire any shares of Acquirer Common Stock or other instruments convertible into or exchangeable for such shares. There are no voting trust agreements or other contracts, agreements or arrangements restricting or otherwise relating to voting, dividend or other rights with respect to Acquirer Common Stock, except for such agreements that will be terminated prior to the Closing.

4.3 Authorization and Enforceability. Acquirer has full corporate power and authority to make, execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Acquirer has been duly authorized by all necessary corporate action on the part of Acquirer. This Agreement has been duly executed and delivered by Acquirer and constitutes the legal, valid and binding obligation of Acquirer, enforceable in accordance with its terms.

4.4 No Violation of Laws or Agreements. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement and the compliance with the terms, conditions and provisions of this Agreement by Acquirer will not: (a) contravene any provision of the amended and restated certificate of incorporation or bylaws of Acquirer; (b) conflict with or result in a breach of or constitute a default (or an event which might, with the passage of time or the giving of notice, or both, constitute a default) under, or result in or permit the modification or termination of any provision of, or result in or permit the acceleration of the maturity or the cancellation of the performance of any obligation under, or result in the creation or imposition of any Lien of any nature whatsoever upon any assets of Acquirer or give to others any interests or rights therein under, any indenture, mortgage, loan or credit agreement, license, contract, or other agreement or commitment to which Acquirer is a party or by which its assets may be bound or affected; or (c) violate or contravene any judgment or order of any court or Authority, domestic or foreign, or any applicable law, rule or regulation.

4.5 Consents. No consent, approval or authorization of, or registration or filing with, any Person, including any Authority, is required solely as the result of the execution and delivery of this Agreement by Acquirer or the consummation by Acquirer of the transactions contemplated hereby other than such consents as have been obtained by Acquirer as of the date hereof.

ARTICLE V

CERTAIN OBLIGATIONS OF THE PARTIES

5.1 Conduct of Business Pending the Closing. From and after the date hereof and pending the Closing, and unless the other party shall otherwise consent or agree in writing, each of Acquirer and Magnetic covenants and agrees that:

(a) Ordinary Course. The respective businesses of Acquirer and Magnetic shall be conducted only in the ordinary course and consistent with past practice, including billing, shipping, payment and collection practices, keeping of books and records, inventory transactions and payment of accounts payable.

(b) Preservation of Business. Acquirer and Magnetic shall use all reasonable efforts to preserve their respective business organizations intact, to keep available to it the services of its present officers and employees, and to preserve for the other party the goodwill of the suppliers, customers and others having business relations with such party.

ARTICLE VI

CONDITIONS TO THE CLOSING; TERMINATION

6.1 Conditions Precedent to Obligations of Acquirer with respect to the Closing. The obligations of Acquirer to consummate the Merger are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any one or more of which may be waived in whole or in part by Acquirer at Acquirer's option):

(a) Shareholder Approval. This Agreement and the Merger shall have received the Requisite Shareholder Approval.

(b) Performance of Agreements. Magnetic shall have performed all of the covenants and complied with all of the provisions required by this Agreement to be performed or complied with by them on or before the Closing Date.

(c) Representations and Warranties. The representations and warranties of Magnetic set forth in Article III shall have been true and correct on the date when made and shall be true and accurate in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on, as of and with reference to the Closing Date, except as affected by transactions required or permitted hereby, and except that any such representation or warranty made as of specified date (other than the date of this Agreement) shall be true and correct in all material respects on and as of such date, provided, however, that any representation or warranty of Magnetic specifically qualified by materiality shall have been true and accurate in all respects as of such date.

(d) Injunction; Litigation; Etc. No statute, rule or regulation or order of any court or Authority shall be in effect which restrains or prohibits the transactions contemplated by this Agreement or which would limit or adversely affect Acquirer's direct or indirect ownership Magnetic or which would limit or adversely affect Acquirer's conduct of the business of Magnetic following the Closing, nor shall there be any pending litigation, suit, action or proceeding by any party which: (i) seeks to restrain or prohibit the transactions contemplated by this Agreement; (ii) challenges the legality or validity of the transactions contemplated by this Agreement; or (iii) seeks damages from Acquirer or FAAC SPA as a result of the transactions contemplated by this Agreement.

(e) Required Consents. All applicable statutory and regulatory consents and approvals which are required under the laws or regulations of the United States and any other Authority shall have been obtained; and all necessary consents and approvals of third parties to the transactions contemplated hereby shall have been obtained.

(f) Board Approval. The Board of Directors of Magnetic shall have authorized and approved the transactions contemplated in this Agreement.

6.2 Conditions Precedent to Obligations of Magnetic with Respect to the Closing. The obligations of each of Magnetic to consummate the transactions to be performed by it in connection with the Closing is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any one or more of which may be waived in whole or in part by Magnetic):

(a) Approval of Shareholders. This Agreement and the Merger shall have received the Requisite Shareholder Approval.

(b) Performance of Agreements. Acquirer shall have performed all of the covenants and complied with all of the provisions required by this Agreement to be performed or complied with by it on or before the Closing Date.

(c) Representations and Warranties. The representations and warranties of Acquirer contained in this Agreement shall have been true and accurate on the date when made and shall be true and correct on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on, as of and with reference to the Closing Date, except as affected by transactions required or permitted hereby, and except that any such representation or warranty made as of a specified date (other than the date of this Agreement) shall have been true and correct in all material respects on and as of such date, provided, however, that any representation or warranty of Acquirer specifically qualified by materiality shall have been true and accurate in all respects as of such date.

(d) Injunction; Litigation; Etc. No statute, rule or regulation or order of any court or Authority shall be in effect which restrains or prohibits the transactions contemplated by this Agreement; nor shall there be pending or threatened any litigation, suit, action or proceeding by any party which: (i) seeks to restrain or prohibit the transactions contemplated by this Agreement; (ii) challenges the legality or validity of the transactions contemplated by this Agreement; or (iii) seeks damages from Magnetic or Magmatic Holding as a result of the transactions contemplated by this Agreement.

(e) Required Consents. All applicable statutory and regulatory consents and approvals which are required under the laws or regulations of the United States and any other Authority shall have been obtained; and all other necessary consents and approvals of third parties to the transactions contemplated hereby shall have been obtained.

(f) Board Approval. The Board of Directors of Acquirer shall have authorized and approved the transactions contemplated in this Agreement.

6.3 Termination.

(a) When Agreement May Be Terminated. This Agreement may be terminated at any time prior to the Closing:

(i) By mutual written consent of Acquirer and Magnetic;

(ii) By Acquirer upon a material breach of any representation, warranty or covenant of Magnetic or by Magnetic upon a material breach of any representation, warranty or covenant of Acquirer;

(iii) By Acquirer if Magnetic's conditions to Closing as set forth in Section 6.1 are not satisfied or otherwise waived on or prior to the Closing Date.

(iv) By Magnetic if Acquirer's conditions to Closing as set forth in Section 6.2 are not satisfied or otherwise waived on or prior to the Closing Date.

(b) Effect of Termination. In the event of termination of this Agreement by either Acquirer or Magnetic as provided in Section 6.3(a) above, this Agreement shall forthwith terminate, and there shall be no liability on the part of Acquirer or Magnetic.

ARTICLE VII

CERTAIN ADDITIONAL COVENANTS

7.1 Costs, Expenses and Taxes. At Closing, (i) all of Magnetic's costs and expenses, including legal fees, in connection with its performance of and compliance with this Agreement, and all transfer, documentary and similar taxes in connection with the delivery of Magnetic Common Stock to be made hereunder and (ii) all costs and expenses, including legal fees, of Acquirer's performance of and compliance with this Agreement, shall be paid by Acquirer.

7.2 Record Retention. Acquirer covenants and agrees to retain the books and records of Magnetic obtained in the transactions contemplated hereby for a period of five (5) years following the Closing Date; provided, that books and records relating to environmental matters shall be retained indefinitely, and books and records relating to matters as to which any applicable statute of limitations has been tolled shall be retained until the expiration of such limitations period (if more than five (5) years following the Closing Date). Books and records to be so retained shall be available for inspection from time to time by Magmatic Holding upon reasonable advance notice to Acquirer during Acquirer's normal business hours. In the event that Acquirer shall propose to destroy any of such books or records during the applicable retention period, Acquirer will give reasonable advance notice to Magmatic Holding and an opportunity for Magmatic Holding to take custody of such books and records at Magmatic Holding's expense

7.3 Integration of Magnetic and Acquirer. Each of Magnetic and Acquirer hereby covenants and agrees to perform and take such actions as may be reasonably requested by the other party in order to implement and integrate the business activities of Magnetic with and into the Acquirer.

ARTICLE VIII

MISCELLANEOUS

8.1 **No Survival of Representations and Warranties.** None of the representations and warranties contained in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. For avoidance of doubt, the Parties hereby agree that all provisions hereof intended to shorten or limit the survival of representations and warranties hereunder are intended to shorten the period otherwise provided by law during which claims for breach of such representations and warranties can be made, and all such claims must be asserted within the applicable survival period set forth herein or such claims shall be forever barred. All claims for breaches of representations and warranties shall be made by written notice to the party alleged to have breached such representations and warranties in accordance with the notice provisions set forth in Section 8.2 hereof.

8.2 **Notices.** All notices, requests, demands, claims and other communications required or permitted to be delivered, given or otherwise provided under this Agreement must be in writing and must be delivered, given or otherwise provided: (a) by hand (in which case, it will be effective upon delivery); (b) by facsimile (in which case, it will be effective upon receipt of confirmation of good transmission); or (c) by overnight delivery by a nationally recognized courier service (in which case, it will be effective on the first business day after being deposited with such courier service); in each case, to the addresses set forth in the books and records of the respective party. Each of the parties to this Agreement may specify different notice information by giving notice in accordance with this Section 8.2 to each of the other parties hereto.

8.3 **Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

8.4 **Governing Law; Venue.** This Agreement, the rights of the parties and all Actions arising in whole or in part under or in connection herewith, will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

8.5 **Dispute Resolution.** All disputes, claims, or controversies arising out of or relating to this Agreement or any other agreement executed and delivered pursuant to this Agreement or the negotiation, validity or performance hereof and thereof or the transactions contemplated hereby and thereby that are not resolved by mutual agreement shall be resolved by the American Arbitration Association before a single arbitrator in San Francisco, California. Such arbitration shall be conducted in with the commercial rules and regulations promulgated by the American Arbitration Association unless specifically modified herein. In the event the American Arbitration Association is unavailable, the arbitration shall be conducted before an arbitrator that is mutually agreeable to the parties and, in such event, all references to the

American Arbitration Association herein shall apply to the arbitrator chosen by the parties, which such arbitrator shall conduct the arbitration in accordance with the commercial rules and regulations promulgated by the American Arbitration Association unless specifically modified herein. The arbitrator hearing any dispute under this Section 8.5 shall be selected within twenty (20) business days of written notice of the intent to arbitrate a dispute. The parties covenant and agree that they will participate in the arbitration in good faith and that they will share equally its costs, provided that each party will pay for and bear the costs of its own experts, evidence and counsel's fees (except to the extent indemnifiable hereunder), and provided further that in the discretion of the arbitrator, any award may include costs of a party's counsel if the arbitrator expressly determines that the party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration in bad faith. Any party refusing to comply with an award order of the arbitrator shall be liable for costs and expenses, including attorneys' fees, incurred by the other party in enforcing the award. This Section 8.5 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm. The provisions of this Section 8.5 shall be enforceable in any court of competent jurisdiction.

8.6 **Entire Agreement.** This Agreement, together with the exhibits and schedules attached hereto and any agreements entered into contemporaneously herewith, constitutes the entire understanding of the parties, supersedes any prior agreements or understandings, written or oral, between the parties with respect to the subject matter hereof, and is not intended to confer upon any Person other than the parties hereto any benefit, right or remedy.

8.7 **Further Assurances.** Each party shall cooperate and take such action as may be reasonably requested by another party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby.

8.8 **Amendment and Waiver.** The parties may, by mutual agreement, amend this Agreement in any respect, and any party, as to such party, may: (a) extend the time for the performance of any of the obligations of any other party; (b) waive any inaccuracies in representations and warranties by any other party; (c) waive compliance by any other party with any of the agreements contained herein and performance of any obligations by any other party; and (d) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations under this Agreement. To be effective, any such amendment or waiver must be in writing and be signed by the party against whom enforcement of the same is sought.

8.9 Counterparts, Facsimile and PDF/TIF Signatures. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one and the same agreement. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files or Portable Document Format shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment.

8.10 Headings. The headings preceding the text of the sections and subsections hereof are inserted solely for convenience of reference, and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

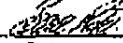
8.11 Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

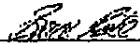
ACQUIRER:

FAAC INTERNATIONAL, INC.
a Florida corporation

By: 
Name: Bruce Pate
Its: Vice President


MAGNETIC:

MAGNETIC AUTOMATION, CORP.
a Florida corporation

By: 
Name: Bruce Pate
Its: Vice President

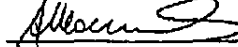
FAAC SPA:

FAAC SPA (ITA)
a corporation organized under the laws of Italy

By: 
Name: ANDREA ROSCETTI
Its: FAAC PRESIDENT

MAGMATIC HOLDING:

MAGMATIC HOLDING (SWI)
a corporation organized under the laws of Switzerland

By: 
Name: ANDREA MARCELLAN
Its: DIRECTOR AND CHAIRMAN

[Signature Page of Acquirer, Magnetic, FAAC SPA and Magmatic Holding]