SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
TENDER OFFER STATEMENT UNDER SECTION 14(d)(1)
OR SECTION 13(e)(1) OF THE SECURITIES EXCHANGE ACT OF 1934

MICROTOUCH SYSTEMS, INC.
(Name of subject company (issuer))

EQUINOX ACQUISITION, INC.
MINNESOTA MINING AND MANUFACTURING COMPANY
(Names of filing persons (offerors))

COMMON STOCK, PAR VALUE $0.01 PER SHARE Including the
Associated Preferred Stock Purchase Rights
(Title of Class of Securities)

595145 103
(CUSIP Number of Class of Securities)

Gregg M. Larson, Esq.
Assistant General Counsel,
Assistant Secretary
Minnesota Mining and Manufacturing Company
3M Center
St. Paul, Minnesota 55144
(651) 733-2204
(Name, address and telephone number of person authorized to receive notices
and communications on behalf of filing persons)

COPIES TO:
John T. Kramer, Esq.
Dorsey & Whitney LLP
220 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: (612) 340-2600

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE**
$173,193,489.00	$34,638.70

*For purposes of calculating the filing fee only, this calculation assumes the purchase of 8,247,309 shares of common stock of MicroTouch Systems, Inc., including the associated preferred stock purchase rights (together, the "Shares") at the tender offer price of $21.00 per Share. The Shares include both 6,491,823 outstanding shares of common stock and 1,755,486 outstanding options.

**The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals 1/50 of 1% of the transaction valuation.

-Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number or the form or schedule and the date of its filing.

Amount Previously Paid: N/A Filing Party: N/A
Form or Registration No.: N/A Date Filed: N/A

[ ] Check the box if the filing relates to preliminary communications made before the commencement of a tender offer.

[ ] Check the appropriate boxes below to designate any transactions to which the statement relates:
[X] third-party tender offer subject to Rule 14d-1.
[ ] issuer tender offer subject to Rule 13e-4.
[ ] going-private transaction subject to Rule 13e-3.
[ ] amendment to Schedule 13d under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: [ ]

This Tender Offer Statement on Schedule TO (this "Schedule TO") relates to the offer by Equinox Acquisition, Inc., a Massachusetts corporation (the "Purchaser") and a wholly owned subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation ("Parent"), to purchase all the outstanding shares of common stock, par value $0.01 per share (the "Common Stock"), of MicroTouch Systems, Inc., a Massachusetts corporation (the "Company"), including the associated preferred stock purchase rights (the "Rights") issued pursuant to the Rights Agreement, dated as of January 19, 1996, between the Company and The First National Bank of Boston, as Rights Agent (the Common Stock and the Rights together are referred to herein as the "Shares"), at a purchase price of $21.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 17, 2000 (the "Offer to Purchase"), and in the related Letter of Transmittal, copies of which are filed with this Schedule TO as Exhibits (a)(1)(A) and (a)(1)(B), respectively. This Schedule TO is being filed on behalf of the Purchaser and Parent.

The information set forth in the Offer to Purchase filed as Exhibit (a)(1)(A) hereto, including the Schedule thereto, is hereby incorporated by reference in answer to items 1 through 11 of this Schedule TO, and is supplemented by the information specifically provided herein.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

(c) (3) and (4) During the last five years, neither the Purchaser nor Parent, nor, to the best knowledge of the Purchaser and Parent, any of the persons listed on Schedule I to the Offer to Purchase (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of such laws.

ITEM 11. ADDITIONAL INFORMATION.

(b) The Letter of Transmittal filed as Exhibit (a)(1)(B) hereto is incorporated herein by reference.

ITEM 12. EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION
(a)(1)(A)	-- Offer to Purchase dated November 17, 2000.
(a)(1)(B)	-- Letter of Transmittal.
(a)(1)(C)	-- Notice of Guaranteed Delivery.
(a)(1)(D)	-- Letter to Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(1)(E)	-- Letter to Clients for use by Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(1)(F)	-- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(1)(G)	-- Press Release issued by Parent on November 13, 2000 and Press Release issued by the Company on November 13, 2000.
(a)(1)(H)	-- Summary Advertisement published November 17, 2000.
(d)(1)	-- Agreement and Plan of Merger, dated as of November 13, 2000, among Parent, the Purchaser and the Company.
(d)(2)	-- Shareholders Agreement, dated November 13, 2000, among Parent, the Purchaser and certain officers and directors of the Company.
(d)(3)	-- Stock Option Agreement, dated November 13, 2000, between Parent and the Company.

SIGNATURES

After due 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.

EQUINOX ACQUISITION, INC.

By: /s/ J.L. Yeomans

Name: J.L. Yeomans
Title: Treasurer

MINNESOTA MINING AND
MANUFACTURING COMPANY

By: /s/ J.L. Yeomans

Name: J.L. Yeomans
Title: Vice President and Treasurer

Dated: November 17, 2000

INDEX TO EXHIBITS

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(a)(1)(C)	Notice of Guaranteed Delivery.
(a)(1)(D)	Letter to Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(1)(E)	Letter to Clients for use by Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(1)(F)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(1)(G)	Press Release issued by Parent on November 13, 2000.
(a)(1)(H)	Summary Advertisement published November 17, 2000.
(b)	Not applicable.
(d)(1)	Agreement and Plan of Merger, dated as of November 13, 2000, among Parent, the Purchaser and the Company.
(d)(2)	Shareholders Agreement, dated November 13, 2000, among Parent, the Purchaser and certain officers and directors of the Company.
(d)(3)	Stock Option Agreement, dated November 13, 2000, between Parent and the Company.
(g)	Not applicable.
(h)	Not applicable.

EXHIBIT(a)(1)(A)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
OF
MICROTOUCH SYSTEMS, INC.
AT
$21.00 NET PER SHARE
BY
EQUINOX ACQUISITION, INC.,
A WHOLLY OWNED SUBSIDIARY OF
MINNESOTA MINING AND MANUFACTURING COMPANY

- ---

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON, JANUARY 3, 2001, UNLESS THE OFFER IS EXTENDED.

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THE OFFER IS BEING MADE PURSUANT TO THE AGREEMENT AND PLAN OF MERGER, DATED AS OF NOVEMBER 13, 2000, AMONG MINNESOTA MINING AND MANUFACTURING COMPANY ("PARENT"), EQUINOX ACQUISITION, INC. (THE "PURCHASER") AND MICROTOUCH SYSTEMS, INC. (THE "COMPANY") (THE "MERGER AGREEMENT"). THE BOARD OF DIRECTORS OF THE COMPANY (AT A MEETING DULY CALLED AND HELD) HAS DETERMINED THAT THE TERMS OF THE MERGER AGREEMENT, THE OFFER AND THE MERGER (EACH AS DEFINED HEREIN) ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY; APPROVED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT, INCLUDING THE OFFER AND THE MERGER; AND RESOLVED TO RECOMMEND THAT THE SHAREHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES (AS DEFINED HEREIN) PURSUANT TO THE OFFER.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES THAT WOULD REPRESENT AT LEAST A MAJORITY OF ALL OUTSTANDING SHARES ON A FULLY DILUTED BASIS.

IMPORTANT

Any shareholder desiring to tender all or any portion of such shareholder's Shares should either (1) complete and sign the Letter of Transmittal (or facsimile thereof) in accordance with the instructions in the Letter of Transmittal, have such shareholder's signature thereon guaranteed if required by Instruction 1 to the Letter of Transmittal, mail or deliver the Letter of Transmittal (or such facsimile) and any other required documents to EquiServe, L.P. (the "DEPOSITARY") and deliver the certificates for such Shares to the Depositary along with the Letter of Transmittal (or such facsimile) or, in the case of a book-entry transfer effected pursuant to the procedures described in Section 2, deliver an Agent's Message (as defined herein) and any other required documents to the Depositary and deliver such Shares pursuant to the procedures for book-entry transfer described in Section 2, in each case prior to the expiration of the Offer, or (2) request such shareholder's broker, dealer, bank, trust company or other nominee to effect the transaction for such shareholder. A shareholder having Shares registered in the name of a broker, dealer, bank, trust company or other nominee must contact such broker, dealer, bank, trust company or other nominee if such shareholder desires to tender such Shares.

A shareholder who desires to tender Shares and whose certificates for such Shares are not immediately available or who cannot comply in a timely manner with the procedure for book-entry transfer, or who cannot deliver all required documents to the Depositary prior to the expiration of the Offer, may tender such Shares by following the procedures for guaranteed delivery described in Section 2. The Rights (as defined herein) are presently evidenced by certificates for common stock and a tender by shareholders of their Shares will also constitute a tender of the Rights.

Questions and requests for assistance may be directed to MacKenzie Partners, Inc. (the "INFORMATION AGENT") or to Merrill Lynch & Co. (the "DEALER MANAGER") at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery or any other tender materials may be obtained from the Information Agent or from brokers, dealers, banks, trust companies or other nominees.

THE DEALER MANAGER FOR THE OFFER IS:

MERRILL LYNCH & CO.

November 17, 2000

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SUMMARY TERM SHEET

Equinox Acquisition, Inc. is offering to purchase all of the outstanding common stock of MicroTouch Systems, Inc. (including the associated preferred stock purchase rights) for $21.00 net per share in cash. The following are some of the questions you, as a shareholder of MicroTouch Systems, may have and answers to those questions. We urge you to read carefully the remainder of this offer to purchase and the letter of transmittal because the information in this summary is not complete. Additional important information is contained in the remainder of this offer to purchase and the letter of transmittal.

WHO IS OFFERING TO BUY MY SHARES?

Our name is Equinox Acquisition, Inc. We are a Massachusetts corporation formed for the purpose of making a tender offer for all of the common stock of MicroTouch Systems. We are a wholly owned subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation ("3M"). See "Introduction" and Section 9 -- "Certain Information Concerning Parent and the Purchaser" -- of this offer to purchase.

WHAT SHARES ARE BEING SOUGHT IN THE OFFER?

We are seeking to purchase all of the outstanding common stock of MicroTouch Systems (including the associated preferred stock purchase rights). See "Introduction" and Section 1 -- "Terms of the Offer" -- of this offer to purchase.

HOW MUCH ARE YOU OFFERING TO PAY, WHAT IS THE FORM OF PAYMENT AND WILL I HAVE TO PAY ANY FEES OR COMMISSIONS?

We are offering to pay $21.00 per share (including the associated preferred stock purchase rights), net to you, in cash without interest. If you are the record owner of your shares and you tender your shares to us in the offer, you will not have to pay brokerage fees or similar expenses. If you own your shares through a broker or other nominee, and your broker tenders your shares on your behalf, your broker or nominee may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply. See "Introduction" and Section 1 -- "Terms of the Offer" -- of this offer to purchase.

DO YOU HAVE THE FINANCIAL RESOURCES TO MAKE PAYMENT?

3M will provide us with sufficient funds to acquire all tendered shares and any shares to be acquired in the merger that is expected to follow the successful completion of the offer. 3M expects to obtain these funds from its

available cash on hand. The offer is not conditioned upon any financing arrangements. See Section 10 -- "Source and Amount of Funds" -- of this offer to purchase.

IS YOUR FINANCIAL CONDITION RELEVANT TO MY DECISION TO TENDER IN THE OFFER?

We do not think our financial condition is relevant to your decision whether to tender shares and accept the offer because:

- -- the offer is being made for all outstanding shares solely for cash,
- -- the offer is not subject to any financing condition, and
- -- if we consummate the offer, we will acquire all remaining shares for the same cash price in the merger.

HOW LONG DO I HAVE TO DECIDE WHETHER TO TENDER IN THE OFFER?

You will have at least until 12:00 midnight, New York City time, on January 3, 2001, to tender your shares in the offer, unless the expiration date of the offer is extended. Further, if you cannot deliver everything that is required in order to make a valid tender by that time, you may be able to use a guaranteed delivery procedure, which is described later in this offer to purchase. See Section 1 -- "Terms of the Offer" -- and Section 2 -- "Procedures for Tendering Shares" -- of this offer to purchase.

CAN THE OFFER BE EXTENDED AND UNDER WHAT CIRCUMSTANCES?

Subject to the terms of the merger agreement, we can extend the offer. We have agreed in the merger agreement that:

- -- we may (i) extend the offer for one or more periods of time that we reasonably believe to be necessary to cause the conditions to the offer to be satisfied, if at the scheduled expiration date of the offer any of the conditions to our obligation to accept shares for payment is not satisfied or waived until such time as all conditions are satisfied or waived, (ii) extend the offer for any period required by any rule, regulation, interpretation or position of the Securities and Exchange Commission that is applicable to the offer or (iii) extend the offer for an aggregate period of not more than 10 business days beyond the latest applicable date that would otherwise be permitted under clause (i) or (ii) of this sentence, if, as of such date, all of the conditions to our obligation to accept the shares for payment are satisfied or waived, but the number of shares validly tendered and not withdrawn pursuant to the offer equals less than 90% of the outstanding shares of MicroTouch Systems;
- -- we shall extend the offer for a period of time which we reasonably believe is necessary to cause the conditions to the offer to be satisfied if (i) all of the conditions to the offer are not satisfied on any scheduled expiration date of the offer, (ii) these unsatisfied conditions are reasonably capable of being satisfied within 30 days after the initial expiration date of the offer and (iii) MicroTouch Systems is in compliance with all of its covenants in the merger agreement; PROVIDED, HOWEVER, that we are not required to extend the offer beyond February 2, 2001; and
- -- we may elect to provide a "subsequent offering period" for the offer. A subsequent offering period, if one is included, will be an additional period of time beginning after we have purchased shares tendered during the offer, during which shareholders may tender, but not withdraw, their shares and receive the offer consideration. We do not currently intend to include a subsequent offering period, although we reserve the right to do so. See Section 1 -- "Terms of the Offer" -- of this offer to purchase.

HOW WILL I BE NOTIFIED IF THE OFFER IS EXTENDED?

If we extend the offer, we will inform EquiServe, L.P., the depositary for the offer, of that fact and will make a public announcement of the extension, not later than 9:00 a.m., New York City time, on the next business day after the day on which the offer was scheduled to expire. See Section 1 -- "Terms of the Offer" -- of this offer to purchase.

WHAT ARE THE MOST SIGNIFICANT CONDITIONS TO THE OFFER?

There is no financing condition to the offer, however:

- we are not obligated to purchase any tendered shares unless the number of shares validly tendered and not withdrawn before the expiration date of the offer represents at least a majority of the shares of MicroTouch Systems outstanding on a fully diluted basis. We have agreed not to waive this minimum tender condition without the consent of MicroTouch Systems.

- we are not obligated to purchase any tendered shares if:

  - there is a material adverse change in MicroTouch Systems or its business; or

  - the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or under any other applicable material competition, merger, control, antitrust or similar law or regulation have not expired or been terminated.

The offer is also subject to a number of other conditions. See Section 15 -- "Certain Conditions of the Offer" -- of this offer to purchase.

HOW DO I TENDER MY SHARES?

To tender shares, you must deliver the certificates representing your shares, together with a completed letter of transmittal and any other documents required, to EquiServe, L.P., the depositary for the offer, not later than the time the tender offer expires. If your shares are held in street name, the shares can be tendered by your nominee through The Depository Trust Company. If you cannot deliver something that is required to be delivered to the depositary by the expiration of the tender offer, you may get a little extra time to do so by having a broker, a bank or other fiduciary that is a member of the Securities Transfer Agents Medallion Program or other eligible institution guarantee that the missing items will be received by the depositary within three National Association of Securities

Dealers Automated Quotation trading days. For the tender to be valid, however, the depositary must receive the missing items within that three trading day period. See Section 2 -- "Procedures for Tendering Shares" -- of this offer to purchase.

UNTIL WHAT TIME CAN I WITHDRAW PREVIOUSLY TENDERED SHARES?

You can withdraw shares at any time until the offer has expired and, if we have not by January 15, 2001, agreed to accept your shares for payment, you can withdraw them at any time after such time until we accept shares for payment. This right to withdraw will not apply to any subsequent offering period, if one is included. See Section 1 -- "Terms of the Offer" -- and Section 3 -- "Withdrawal Rights" -- of this offer to purchase.

HOW DO I WITHDRAW PREVIOUSLY TENDERED SHARES?

To withdraw shares, you must deliver a written notice of withdrawal, or a facsimile of one, with the required information to the depositary while you still have the right to withdraw the shares. See Section 1 -- "Terms of the Offer" -- and Section 3 -- "Withdrawal Rights" -- of this offer to purchase.

WHAT DOES THE MICROTOUCH SYSTEMS BOARD OF DIRECTORS THINK OF THE OFFER?

We are making the offer pursuant to a merger agreement among us, 3M and MicroTouch Systems. The MicroTouch Systems board of directors (at a meeting duly called and held) determined that the merger agreement, the offer and the merger are fair to and in the best interests of MicroTouch Systems and the shareholders of MicroTouch Systems and approved and adopted the merger agreement and the transactions contemplated thereby, including our tender offer and our proposed merger with MicroTouch Systems and resolved to recommend that shareholders accept the offer and tender their shares.

HAVE ANY SHAREHOLDERS AGREED TO TENDER THEIR SHARES?

Yes. Certain officers and directors of MicroTouch Systems have entered into a shareholders agreement with us and 3M under which they have agreed to tender all of their shares of MicroTouch Systems. These shareholders own, in the aggregate, 11.2% of the outstanding common stock of MicroTouch Systems on a fully diluted basis. See Section 13 -- "The Merger Agreement; the Shareholders Agreement; the Stock Option Agreement" -- of this offer to purchase.

WHY DID MICROTOUCH SYSTEMS GRANT 3M AN OPTION TO PURCHASE ITS SHARES?

As a prerequisite to entering into the merger agreement, we required that MicroTouch Systems grant an option to our parent, 3M, to buy up to 1,291,873 shares of MicroTouch Systems common stock. This represents 19.9% of the shares of MicroTouch Systems outstanding on November 13, 2000. The number of shares issuable under the option will be increased if the number of outstanding shares of MicroTouch Systems increases, in order to maintain the percentage of outstanding shares represented by the option at 19.9%. The exercise price of the option is $21.00 per share.

The option is not currently exercisable and may only be exercised by 3M if (i) any person or group acquires or has the right to acquire 20% or more of the outstanding shares of common stock of MicroTouch; or (ii) an event occurs that would entitle us to receive a termination fee under the merger agreement. Otherwise, the option will terminate and may not be exercised by 3M.

The option may discourage third parties from acquiring a significant stake in MicroTouch Systems, and is intended to increase the likelihood that the tender offer and merger will be completed. If the merger agreement is terminated and 3M exercises its option to purchase MicroTouch Systems common stock, MicroTouch Systems would not be able to account for future transactions on a pooling-of-interests basis.

See Section 13 -- "The Merger Agreement; the Shareholders Agreement; the Stock Option Agreement" -- of this offer to purchase.

WILL THE TENDER OFFER BE FOLLOWED BY A MERGER IF ALL THE SHARES ARE NOT TENDERED IN THE OFFER?

If we accept for payment and pay for at least a majority of the outstanding shares on a fully diluted basis of MicroTouch Systems, we will be merged with MicroTouch Systems. If that merger takes place, 3M will own all of

the shares of MicroTouch Systems, and all other shareholders of MicroTouch Systems will receive $21.00 per share in cash (or any higher price per share that is paid in the offer).

There are no dissenters' rights available in connection with the offer. However, if the merger takes place, shareholders who have not sold their shares in the offer will have dissenters' rights under Massachusetts law. See Section 13 -- "The Merger Agreement; the Shareholders Agreement; the Stock Option Agreement -- Dissenters' Rights" -- of this offer to purchase.

IF I DECIDE NOT TO TENDER, HOW WILL THE OFFER AFFECT MY SHARES?

If the merger takes place, shareholders who do not tender in the offer will receive the same amount of cash per share that they would have received had they tendered their shares in the offer, subject to their right to pursue dissenters' rights under Massachusetts law. Therefore, if the merger takes place and you do not perfect your dissenters' rights, the only difference to you between tendering your shares and not tendering your shares is that you will be paid earlier if you tender your shares. However, if the merger does not take place, the number of shareholders and the number of shares of MicroTouch Systems that are still in the hands of the public may be so small that there may no longer be an active public trading market (or, possibly, any public trading market) for the shares. Also, the shares may no longer be eligible to be traded on The National Association of Securities Dealers Automated Quotation System -- National Market or any other securities exchange, and MicroTouch Systems may cease making filings with the SEC or otherwise cease being required to comply with the SEC's rules relating to publicly held companies. See Section 7 -- "Effect of the Offer on the Market for the Shares; Nasdaq Listing; Exchange Act Registration; Margin Regulations" -- of this offer to purchase.

WHAT IS THE MARKET VALUE OF MY SHARES AS OF A RECENT DATE?

On November 13, 2000, the last trading day before MicroTouch Systems and 3M announced that they had signed the merger agreement, the last sale price of the shares reported on The National Association of Securities Dealers Automated Quotation System -- National Market was $14.875 per share. On November 16, 2000, the last trading day before we commenced our tender offer, the last sale price of the shares was $20.56 per share. We advise you to obtain a recent quotation for shares of MicroTouch Systems in deciding whether to tender your shares. See Section 6 -- "Price Range of the Shares; Dividends on the Shares" -- of this offer to purchase.

TO WHOM CAN I TALK IF I HAVE QUESTIONS ABOUT THE TENDER OFFER?

You can call MacKenzie Partners, Inc. at (800) 322-2885 (toll free) or Merrill Lynch & Co. at (212) 236-3790 (call collect). MacKenzie Partners is acting as the information agent and Merrill Lynch is acting as the dealer manager for our tender offer. See the back cover of this offer to purchase.

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To the Holders of Common Stock of
MicroTouch Systems, Inc.:

INTRODUCTION

EQUINOX ACQUISITION, INC., a Massachusetts corporation (the "PURCHASER") and wholly owned subsidiary of MINNESOTA MINING AND MANUFACTURING COMPANY, a Delaware corporation ("PARENT"), hereby offers to purchase all the outstanding shares of common stock, par value $0.01 per share ("COMMON STOCK"), of MICROTOUCH SYSTEMS, INC., a Massachusetts corporation (the "COMPANY"), including the associated preferred stock purchase rights (the "RIGHTS") issued pursuant to the Rights Agreement, dated as of January 19, 1996, between the Company and The First National Bank of Boston, as Rights Agent (the "RIGHTS AGREEMENT") (the Common Stock and the Rights together are referred to herein as the "SHARES") at a price of $21.00 per Share, net to the seller in cash, without interest thereon (the "OFFER PRICE"), 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 whose Shares are registered in their own names and who tender directly to the Depositary (as defined below) 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. Shareholders who hold their Shares through banks or brokers should check with such institutions as to whether they charge any service fees. The Purchaser will pay all fees and expenses of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), which is acting as the Dealer Manager (the "DEALER MANAGER"), EquiServe, L.P., which is acting as the Depositary (the "DEPOSITARY"), and MacKenzie Partners, Inc., which is acting as the Information Agent (the "INFORMATION AGENT"), incurred in connection with the Offer. See Section 16.

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of November 13, 2000, among Parent, the Purchaser and the Company (the "Merger Agreement"), pursuant to which, following the consummation of the Offer and the satisfaction or waiver of certain conditions, the Purchaser will be merged with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Parent (the "MERGER"). In the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or the Company or by shareholders, if any, who are entitled to and properly exercise dissenters' rights under Massachusetts law) will be converted into the right to receive the price per Share paid pursuant to the Offer in cash, without interest thereon.

The Merger Agreement is more fully described in Section 13.

THE BOARD OF DIRECTORS OF THE COMPANY (THE "COMPANY BOARD") (AT A MEETING DULY CALLED AND HELD), HAS (X) DETERMINED THAT THE MERGER AGREEMENT, THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY; (Y) APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT, INCLUDING THE OFFER AND THE MERGER; AND (Z) RESOLVED TO RECOMMEND THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER (THE DETERMINATIONS, APPROVALS AND RECOMMENDATIONS OF THE COMPANY BOARD SET FORTH IN CLAUSES (X), (Y) AND (Z) ABOVE BEING COLLECTIVELY REFERRED TO AS THE "RECOMMENDATION"). THE FACTORS CONSIDERED BY THE COMPANY BOARD IN ARRIVING AT ITS DECISION TO APPROVE THE MERGER AGREEMENT, THE OFFER, THE MERGER AND THE

OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND TO RECOMMEND THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER ARE DESCRIBED IN THE COMPANY'S SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 (THE "SCHEDULE 14D-9"), WHICH HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") AND IS BEING MAILED TO SHAREHOLDERS OF THE COMPANY CONCURRENTLY HEREWITH.

Broadview International LLC ("Broadview"), the Company's financial advisor has delivered to the Company Board a written opinion, dated November 13, 2000, to the effect that, as of the date of the opinion and based upon and subject to certain matters stated in such opinion, the $21.00 per Share cash

consideration to be received in the Offer and the Merger by the holders of Shares (other than Parent and its affiliates) was fair, from a financial point of view, to such holders. A copy of Broadview's opinion is included as an annex to the Schedule 14D-9. Shareholders are urged to, and should, read the Schedule 14D-9 and such opinion carefully in their entirety.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (A) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE (AS DEFINED IN SECTION 1 HEREOF) THAT NUMBER OF SHARES THAT WOULD REPRESENT AT LEAST A MAJORITY OF THE FULLY DILUTED SHARES ON THE DATE OF PURCHASE (THE "MINIMUM TENDER CONDITION"), AND (B) ANY WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), APPLICABLE TO THE PURCHASE OF SHARES PURSUANT TO THE OFFER OR TO THE MERGER AND ANY OTHER WAITING PERIODS UNDER ANY OTHER APPLICABLE MATERIAL COMPETITION, MERGER, CONTROL, ANTITRUST OR SIMILAR LAW OR REGULATION SHALL HAVE EXPIRED OR BEEN TERMINATED.

Consummation of the Merger is subject to a number of conditions, including approval by shareholders of the Company, if such approval is required under applicable law, and Shares having been purchased pursuant to the Offer. In the event the Purchaser acquires 90% or more of the outstanding Shares pursuant to the Offer or otherwise, the Purchaser and the Company may agree to amend the Merger Agreement to allow the Merger to be effected pursuant to the "short-form" merger provisions of the Massachusetts Business Corporation Law (the "MBCL"), without prior notice to, or any action by any other shareholder of the Company. In such event, the Purchaser would effect the Merger without any action by any other shareholder of the Company as promptly as practicable following the purchase of Shares pursuant to the Offer. See Section 13.

The Company has informed the Purchaser that, as of November 10, 2000, there were 8,247,309 fully diluted Shares, consisting of 6,491,823 Shares issued and outstanding and 1,755,486 Shares reserved for issuance upon the exercise of outstanding options to purchase Shares from the Company. Based upon the foregoing and assuming that no Shares are otherwise issued after November 10, 2000, the Minimum Tender Condition will be satisfied if at least 4,123,655 Shares are validly tendered and not withdrawn prior to the Expiration Date. The actual number of Shares required to be tendered to satisfy the Minimum Tender Condition will depend upon the actual number of fully diluted Shares on the date that the Purchaser accepts Shares for payment pursuant to the Offer. If the Minimum Tender Condition is satisfied, and the Purchaser accepts for payment Shares tendered pursuant to the Offer, the Purchaser will be able to elect a majority of the members of the Company Board and to effect the Merger without the affirmative vote of any other shareholder of the Company. See Section 13.

No dissenters' rights are available in connection with the Offer. Shareholders may exercise dissenters' rights under the MBCL in connection with the Merger, however, regardless of whether the Merger is consummated with or without a vote of the shareholders.

Certain U.S. federal income tax consequences of the sale of Shares pursuant to the Offer and the conversion of Shares pursuant to the Merger are described in Section 5.

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

THE TENDER 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. The term "EXPIRATION DATE" means 12:00 midnight, New York City time, on January 3, 2001, unless and until the Purchaser shall have extended the period of time during which the

Offer is open in accordance with the terms of Merger Agreement, in which event the term "EXPIRATION DATE" shall mean the latest time and date on which the Offer, as so extended by the Purchaser, will expire.

The Purchaser may, at any time and from time to time, take one or more of the following actions without the consent of the Company: (a) extend the Offer for one or more periods of time that the Purchaser reasonably believes are necessary to cause the conditions to the Offer to be satisfied, if at the Expiration Date any of the conditions to the Purchaser's obligation to accept Shares for payment is not satisfied or waived, until such time as all such conditions are satisfied or waived, (b) extend the Offer for any period required by any rule, regulation, interpretation or position of the Commission or the staff thereof that is applicable to the Offer or (c) extend the Offer for an aggregate period of not more than ten business days beyond the latest applicable date that would otherwise be permitted under clause (a) or (b) of this sentence, if, as of such date, all of the conditions to the Purchaser's obligation to accept Shares for payment (including the Minimum Tender Condition) are satisfied or waived but the number of Shares validly tendered and not withdrawn pursuant to the Offer equals less than 90% of the outstanding Shares on a fully diluted basis. If (x) all of the conditions to the Offer are not satisfied on any scheduled Expiration Date of the Offer and (y) the Company is in compliance with all of its covenants in the Merger Agreement, then the Purchaser will extend the Offer for one or more periods of time that the Purchaser reasonably believes are necessary to cause the conditions of the Offer to be satisfied, until all such conditions are satisfied or waived; PROVIDED, HOWEVER, that the Purchaser will not be required to extend the Offer pursuant to this sentence beyond February 2, 2001. UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE FOR TENDERED SHARES, REGARDLESS OF ANY EXTENSION OF OR AMENDMENT TO THE OFFER OR ANY DELAY IN PAYING FOR SUCH SHARES.

The Purchaser expressly reserves the right (but shall not be obligated), at any time and from time to time, to waive any condition to the Offer or modify the terms of the Offer, by giving oral or written notice of such waiver or modification to the Depositary, in each case in its sole discretion; PROVIDED, HOWEVER, that, without the consent of the Company, the Purchaser shall not (i) reduce the number of Shares subject to the Offer, (ii) reduce the price per Share to be paid pursuant to the Offer or change the form of consideration payable in the Offer, (iii) amend or waive the Minimum Tender Condition or add to the conditions of the Offer, (iv) except as provided above, extend the Offer, or (v) otherwise amend the terms of Offer in any manner adverse to the holders of Shares.

If by 12:00 midnight, New York City time, on January 3, 2001 (or any later date or time then set as the Expiration Date), any of or all the conditions to the Offer have not been satisfied or waived, the Purchaser, subject to the terms of the Merger Agreement and the applicable rules and regulations of the Commission, reserves the right (but shall not be obligated) (a) to terminate the Offer and not accept for payment or pay for any Shares and return all tendered Shares to tendering shareholders, (b) except as set forth above with respect to the Minimum Tender Condition, to waive all the unsatisfied conditions and accept for payment and pay for all Shares validly tendered prior to the Expiration Date and not theretofore validly withdrawn, (c) as set forth above, to extend the Offer and, subject to the right of shareholders to withdraw Shares until the Expiration Date, retain the Shares that have been tendered during the period or periods for which the Offer is extended or (d) except as set forth above, to amend the Offer.

Any extension, waiver, amendment or termination will be followed as promptly as practicable by public announcement thereof. An announcement in the case of an extension will be made no later than 9:00 a.m., Eastern time, on the next Business Day (as defined below) after the previously scheduled Expiration Date. Without limiting the manner in which the Purchaser may choose to make any public announcement, subject to applicable law (including Rules 14d-4(d), 14d-6(c) and 14(e)-1 under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), which require that material changes be promptly disseminated to holders of Shares), we will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a release to the Dow Jones News Service. As used in this Offer to Purchase, "BUSINESS DAY" has the meaning set forth in Rule 14d-1 under the Exchange Act.

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(d), 14d-6(c) and 14e-1 under the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of such offer or information concerning such offer, other than a change in price or a change in the percentage of securities sought, will depend upon the facts and circumstances then existing,

including the relative materiality of the changed terms or information. With respect to a change in price or a change in the percentage of securities sought, a minimum period of 10 business days is generally required to allow for adequate dissemination to shareholders.

Pursuant to Rule 14d-11 under the Exchange Act, although the Purchaser does not currently intend to do so, the Purchaser may, subject to certain conditions, elect to provide a subsequent offering period of from three business days to 20 business days in length following the expiration of the Offer on the Expiration Date and acceptance of the Shares for payment pursuant to the Offer (a "SUBSEQUENT OFFERING PERIOD"). A Subsequent Offering Period would be an additional period of time, following the expiration of the Offer and the purchase of Shares in the Offer, during which shareholders may tender Shares not tendered in the Offer. A Subsequent Offering Period, if one is included, is not an extension of the Offer, which already will have been completed.

During a Subsequent Offering Period, tendering shareholders will not have withdrawal rights and the Purchaser will promptly purchase and pay for any Shares tendered at the same price paid in the Offer. Rule 14d-11 provides that the Purchaser may provide a Subsequent Offering Period so long as, among other things, (i) the initial period of the Offer has expired, (ii) the Purchaser offers the same form and amount of consideration for Shares in the Subsequent Offering Period as in the initial Offer, (iii) the Purchaser immediately accepts and promptly pays for all securities tendered during the Offer prior to its expiration, (iv) the Purchaser announces the results of the Offer, including the approximate number and percentage of Shares deposited in the Offer, no later than 9:00 a.m., Eastern time, on the next business day after the Expiration Date and immediately begins the Subsequent Offering Period and (v) the Purchaser immediately accepts and promptly pays for Shares as they are tendered during the Subsequent Offering Period. The Purchaser will be able to include a Subsequent Offering Period, if it satisfies the conditions above, after January 3, 2001. In a public release, the Commission has expressed the view that the inclusion of a Subsequent Offering Period would constitute a material change to the terms of the Offer requiring the Purchaser to disseminate new information to shareholders in a manner reasonably calculated to inform them of such change sufficiently in advance of the Expiration Date (generally five business days). In the event the Purchaser elects to include a Subsequent Offering Period, it will notify shareholders of the Company consistent with the requirements of the Commission.

THE PURCHASER DOES NOT CURRENTLY INTEND TO INCLUDE A SUBSEQUENT OFFERING PERIOD IN THE OFFER, ALTHOUGH IT RESERVES THE RIGHT TO DO SO IN ITS SOLE DISCRETION. PURSUANT TO RULE 14d-7 UNDER THE EXCHANGE ACT, NO WITHDRAWAL RIGHTS APPLY TO SHARES TENDERED DURING A SUBSEQUENT OFFERING PERIOD AND NO WITHDRAWAL RIGHTS APPLY DURING THE SUBSEQUENT OFFERING PERIOD WITH RESPECT TO SHARES TENDERED IN THE OFFER AND ACCEPTED FOR PAYMENT. THE SAME CONSIDERATION WILL BE PAID TO SHAREHOLDERS TENDERING SHARES IN THE OFFER OR IN A SUBSEQUENT OFFERING PERIOD, IF ONE IS INCLUDED.

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, the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares, and will be furnished to brokers, dealers, banks, trust companies 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. PROCEDURES FOR TENDERING SHARES

VALID TENDER. For a shareholder validly to tender Shares pursuant to the Offer, (a) the certificates for tendered Shares, together with a Letter of Transmittal (or facsimile thereof), properly completed and

duly executed, any required signature guarantees and any other required documents, must, prior to the Expiration Date, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase; (b) in the case of a transfer effected pursuant to the book-entry transfer procedures described under "Book-Entry Transfer", either a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees, or an Agent's Message (as defined below), and any other required documents, must be received by the Depositary at one of such addresses, such Shares must be delivered pursuant to the book-entry transfer procedures described below and a Book-Entry Confirmation (as defined below) must be received by the Depositary, in each case prior to the Expiration Date; or (c) the tendering shareholder must, prior to the Expiration Date, comply with the guaranteed delivery procedures described below under "Guaranteed Delivery".

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.

THE METHOD OF DELIVERY OF SHARES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH THE BOOK-ENTRY TRANSFER FACILITY (AS DEFINED BELOW), 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.

BOOK-ENTRY TRANSFER. The Depositary will establish an account with respect to the Shares at The Depository Trust Company (the "BOOK-ENTRY TRANSFER FACILITY") for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant of the Book-Entry Transfer Facility's system may make book-entry delivery of Shares by causing the Book-Entry Transfer Facility to transfer such Shares into the Depositary's account in accordance with the Book-Entry Transfer Facility's procedures for such transfer. However, although delivery of Shares may be effected through book-entry transfer into the Depositary's account at the 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 be, in any case, 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 for a valid tender of Shares by book-entry. The confirmation of a book-entry transfer of Shares into the Depositary's account at the Book-Entry Transfer Facility as described above is referred to herein as a "Book-Entry Confirmation". DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH THE BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

The term "AGENT'S MESSAGE" means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the 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.

SIGNATURE GUARANTEES. No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Section 2, includes any participant in the Book-Entry Transfer Facility's system 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 (b) 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 (such

participant, an "ELIGIBLE INSTITUTION"). In all other cases, all signatures on the Letter 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, the tendered certificates 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 book-entry transfer procedures 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:

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

(b) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser, is 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

(c) Either (i) the certificates for tendered Shares together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees, and any other required documents are received by the Depositary at one of its addresses set forth on the back cover of this

Offer to Purchase within three trading days after the date of execution of such Notice of Guaranteed Delivery or (ii) in the case of a book-entry transfer effected pursuant to the book-entry transfer procedures described above under "Book-Entry Transfer", either a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees, or an Agent's Message, and any other required documents, is received by the Depositary at one of such addresses, such Shares are delivered pursuant to the book-entry transfer procedures above and a Book-Entry Confirmation is received by the Depositary, in each case within three trading days after the date of execution of such Notice of Guaranteed Delivery. A "TRADING DAY" is any day on which the National Association of Securities Dealers Automated Quotation System ("NASDAQ") 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.

PREFERRED STOCK PURCHASE RIGHTS. The Rights Agreement has been amended as of November 9, 2000, to exempt from the provisions of the Rights Agreement the Merger Agreement, the acquisition of Shares by the Purchaser pursuant to the Offer and the other transactions contemplated by the Merger Agreement. The Rights are represented by and transferred with the Shares. Accordingly a tender of Shares will constitute a tender of the associated Rights.

OTHER REQUIREMENTS. Notwithstanding any 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 (a) certificates for (or a timely Book-Entry Confirmation with respect to) such Shares, (b) 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 in lieu of the Letter of Transmittal) and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering shareholders 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 BY THE PURCHASER ON THE PURCHASE PRICE OF THE SHARES, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING SUCH PAYMENT.

APPOINTMENT. By executing a Letter of Transmittal (or facsimile thereof), (or, in the case of a book-entry transfer, by delivery of an Agent's Message, in lieu of a Letter of Transmittal), a tendering

shareholder will irrevocably appoint designees of the Purchaser 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 November 17, 2000. 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 the effectiveness of 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 (and, if given, will not be 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 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 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 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, be unlawful. The Purchaser also reserves the absolute right to waive 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 Company, the Depositary, the Information Agent, the Dealer Manager 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 and any other related documents thereto) will be final and binding.

BACKUP WITHHOLDING TAX. In order to avoid U.S. federal backup withholding 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 tax. 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 any payment of cash to such shareholder pursuant to the Offer may be subject to backup withholding tax at a rate 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 tax (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 tax. Noncorporate foreign shareholders 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 tax. 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 January 15, 2001 unless, as described below, such Shares are tendered during any Subsequent Offering Period.

For a withdrawal to be effective, a written or facsimile transmission 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, any and all signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the book-entry transfer procedures described in Section 2, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the 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 at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of any notice 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 Company, the Depositary, the Information Agent, the Dealer Manager 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.

In the event the Purchaser provides a Subsequent Offering Period following the Offer, no withdrawal rights will apply to Shares tendered during such Subsequent Offering Period or to Shares tendered in the Offer and accepted for payment.

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 for all Shares validly tendered prior to the Expiration Date and not properly withdrawn in accordance with Section 3 promptly after the Expiration Date. The Purchaser, subject to the Merger Agreement, 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, and any other applicable material competition, merger, control, antitrust or similar law or regulation. 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 (a) the certificates for such Shares, together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees or (b) in the case of a transfer effected pursuant to the book-entry transfer procedures described in Section 2, a Book-Entry Confirmation and either a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees, or an Agent's Message, and any other required documents. Accordingly, tendering shareholders 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.

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 validly tendered to the Purchaser and not properly 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. Upon the terms and subject to the conditions of the Offer, 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 an agent for tendering shareholders for the purpose of receiving payment from the Purchaser and transmitting payment to tendering shareholders whose Shares have been accepted for payment. UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE FOR TENDERED SHARES, REGARDLESS OF ANY EXTENSION OF OR AMENDMENT TO THE OFFER OR ANY DELAY IN PAYING FOR SUCH SHARES.

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 (but subject to 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) and the terms of the Merger Agreement (requiring that the Purchaser pay for Shares accepted for payment as soon as practicable after the Expiration Date)), 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 do so as described in Section 3.

If any tendered Shares are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, the certificates for such Shares will be returned (and, if certificates are submitted for more Shares than are tendered, new certificates for the Shares not tendered will be sent) in each case 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 the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described in Section 2, such Shares will be credited to an account maintained at the Book-Entry Transfer Facility), as promptly as practicable after the expiration or termination of the Offer.

The Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to Parent, or to one or more direct or indirect wholly owned subsidiaries of Parent, the right to purchase Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering shareholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

5. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The receipt of cash pursuant to the Offer or the Merger will be a taxable transaction for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "CODE"), and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. Generally, for U.S. federal income tax purposes, a tendering shareholder will recognize gain or loss equal to the difference between the amount of cash received by the shareholder as consideration for the Shares tendered by the shareholder and purchased pursuant to the Offer or converted into cash in the Merger, as the case may be, and the adjusted tax basis of such Shares. Gain or loss will be calculated

separately for each block of Shares that have the same holding period and adjusted tax basis. If tendered Shares are held by a tendering shareholder as capital assets, gain or loss recognized by such shareholder will be capital gain or loss, which will be long-term capital gain or loss if such shareholder's holding period for the Shares exceeds one year.

A shareholder (other than certain exempt shareholders including, among others, all corporations and certain foreign individuals) that tenders Shares may be subject to a 31% federal backup withholding tax unless the shareholder provides its TIN and certifies that such number is correct (or properly certifies that it is awaiting a TIN) and certifies as to no loss of exemption from backup withholding tax and otherwise complies with the applicable requirements of the backup withholding tax rules. A shareholder that does not furnish a required TIN or that does not otherwise establish a basis for an exemption from backup withholding tax may be subject to a penalty imposed by the IRS. See "Backup Withholding Tax" under Section 2. Each shareholder should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding tax.

If U.S. Federal backup withholding tax applies to a shareholder, the Depositary is required to withhold 31% from payments to such shareholder. Backup withholding tax is not an additional tax.

Rather, the amount of the backup withholding tax can be credited against the U.S. federal income tax liability of the person subject to the backup withholding tax, provided that the required information is given to the IRS. If backup withholding tax results in an overpayment of tax, a refund can be obtained by the shareholder by filing a U.S. federal income tax return.

The foregoing discussion may not be applicable with respect to Shares received pursuant to the exercise of employee stock options or otherwise as compensation or with respect to holders of Shares who are subject to special tax treatment under the Code -- such as non-U.S. persons, insurance companies, tax-exempt organizations, partnerships, dealers or traders in securities and financial institutions -- and may not apply to a holder of Shares in light of individual circumstances, such as holding Shares as a hedge or as part of a hedging, straddle, conversion or other risk-reduction transaction. SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL OR FOREIGN INCOME AND OTHER TAX LAWS) OF THE OFFER AND THE MERGER.

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

The Shares are listed on the Nasdaq National Market under the symbol "MTSI." The following table sets forth, for each of the periods indicated, the high and low sales prices per Share as reported on the Nasdaq National Market based on published financial sources.

	HIGH	LOW
Fiscal Year Ended December 31, 1998:		
Fourth Quarter	$ 16.88	$ 12.25
Fiscal Year Ended December 31, 1999:		
First Quarter	19.56	11.88
Second Quarter	15.56	12.25
Third Quarter	17.50	14.56
Fourth Quarter	17.94	12.06
Fiscal Year Ending December 31, 2000:		
First Quarter	14.63	12.63
Second Quarter	12.75	8.63
Third Quarter	9.50	6.13
Fourth Quarter (through November 16, 2000)	20.63	6.00

On November 13, 2000, the last full trading day before the public announcement of the execution of the Merger Agreement, the last reported sales price of the Shares on the Nasdaq National Market was $14.875 per Share. On November 16, 2000, the last full trading day before commencement of the Offer, the last reported sales price of the Shares on the Nasdaq National Market was $20.56 per Share. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

According to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, the Company had never paid a cash dividend on its common stock and expected that future earnings would be retained for use in its business.

7. EFFECT OF THE OFFER ON THE MARKET FOR THE SHARES; NASDAQ 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 could adversely affect the liquidity and market value of the remaining Shares held by the public.

NASDAQ NATIONAL MARKET LISTING. Depending upon the number of Shares purchased pursuant to the Offer, the Shares may no longer meet the requirements for continued inclusion on the Nasdaq National Market, which requires that an issuer either (i) have at least 750,000 publicly held shares held by at least 400 round-lot shareholders, with a market value of at least $5,000,000, net tangible assets

(total assets (excluding goodwill) less total liabilities) of at least $4,000,000 and have a minimum bid price of $1 or (ii) have at least 1,100,000 publicly held shares, held by at least 400 round-lot shareholders, with a market value of at least $15,000,000, have a minimum bid price of $5 and have either (A) a market capitalization of at least $50,000,000 or (B) total assets and revenues each of at least $50,000,000. If the Nasdaq National Market and the NASDAQ Smallcap Market were to cease to publish quotations for the Shares, it is possible that the Shares would continue to trade in the over-the-counter market and that price or other quotations would be reported by other sources. The extent of the public market for such Shares and the availability of such quotations would depend, however, upon such factors as the number of shareholders and/or the aggregate market value of such securities remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act as described below, and other factors. The Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for, or marketability of, the Shares or whether it would cause future market prices to be greater or lesser than the price per Share to be paid in the Offer. In the Merger Agreement, the Company has represented that, as of November 10, 2000, 6,491,823 Shares were issued and outstanding.

EXCHANGE ACT REGISTRATION. The Shares are currently registered under the Exchange Act. Such registration 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 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 no longer applicable to the Company, such as the short-swing profit-recovery provisions of Section 16(b) of the Exchange Act and the requirement of furnishing a proxy statement pursuant to Section 14(a) or 14(c) of the Exchange Act in connection with shareholders' meetings and the related requirement of furnishing an annual report to shareholders.

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 144A promulgated under the Securities Act of 1933, as amended (the "SECURITIES ACT"), may be impaired or eliminated. The Purchaser intends to seek to cause the Company to apply for termination of registration of the Shares under the Exchange Act as soon after the completion of the Offer as the requirements for such termination are met.

MARGIN REGULATIONS. The Shares are currently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "FEDERAL RESERVE BOARD"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. 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

The Company is a Massachusetts corporation with its principal offices at 300 Griffin Brook Park Drive, Methuen, Massachusetts 01844, telephone number (978) 659-9000. According to the Company's Quarterly Report for the fiscal quarter ended September 30, 2000, the Company develops, manufactures and sells touch and pen input systems, including touch sensitive screens, digitizers and ThruGlass products.

Set forth below is certain selected financial data with respect to the Company and its subsidiaries excerpted from the data contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 and its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2000. More comprehensive financial data is included in such reports and other documents filed by the Company with the Commission, and the following summary is

qualified in its entirety by reference to such reports, other documents and all the financial data (including any related notes) contained therein. Such reports and other documents should be available for inspection and copies thereof should be obtainable in the manner set forth below under "Available Information."

MICROTOUCH SYSTEMS, INC.
SUMMARY CONSOLIDATED FINANCIAL INFORMATION
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED		YEAR ENDED		
	OCTOBER 2, 1999	SEPTEMBER 30, 2000	DECEMBER 31, 1997	DECEMBER 31, 1998	DECEMBER 31, 1999
<S>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:					
Net Sales	$116,324	$117,178	$128,481	$144,370	$157,491
Gross Profit	41,969	30,795	44,928	55,420	53,168
Operating Income (Loss)	8,176	(3,250)	9,757	12,767	5,982
Net Income (Loss)	3,985	(1,856)	6,411	9,368	2,671
Basic Earnings (Loss) Per Share	0.57	(0.29)	0.81	1.22	0.39
Diluted Earnings (Loss) Per Share	0.56	(0.29)	0.77	1.20	0.38

</TABLE>

<TABLE>
<CAPTION>

	AT SEPTEMBER 30, 2000	AT DECEMBER 31, 1998	AT DECEMBER 31, 1999
<S>	<C>	<C>	<C>
BALANCE SHEET DATA:			
Total Current Assets	$73,644	$ 84,935	$74,327
Total Assets	96,376	104,345	97,104
Total Current Liabilities	32,152	25,875	27,526
Total Liabilities	32,152	25,976	27,596
Total Stockholder's Equity	64,224	78,369	69,508

</TABLE>

CERTAIN COMPANY PROJECTIONS. During the course of discussions between representatives of Parent and the Company, the Company provided Parent or its representatives with certain non-public business and financial information about the Company. This information included the following projections of revenue, operating income and EBITDA (earnings before interest, taxes, depreciation and amortization) for the Company for the years 2000 through 2002:

<TABLE>
<CAPTION>

	2000	2001	2002
		(IN $ MILLIONS)	
<S>	<C>	<C>	<C>
Revenue	$163.0	$194.6	$245.9
Operating Income	0.2	23.9	45.4
Operating Income as a % of Sales	0.1%	12.3%	18.5%
EBITDA	$ 5.7	$ 30.1	$ 51.9

</TABLE>

The projections set forth above are included in this Offer to Purchase only because this information was provided to Parent. The projections were not prepared with a view to public disclosure or compliance with the published guidelines of the Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. The projections do not purport to present operations in accordance with generally accepted accounting principles, and the Company's independent auditors have not examined or compiled the projections and accordingly assume no responsibility for them. The Company has advised Parent and the Purchaser that its internal financial forecasts (upon which the projections provided to Parent and the Purchaser were based in part) are, in general, prepared solely for internal use and capital budgeting and other management decisions and are subjective in many respects and thus susceptible to interpretations and periodic revision based on actual experience and business developments. The projections also reflect numerous assumptions made by management of the Company, with respect to industry performance (including general business, economic, market and financial conditions and other matters), all of which are difficult to predict, many of which are beyond the Company's control, and none of which were subject to approval by Parent or the Purchaser. Accordingly, there can be no assurance that the assumptions made in preparing the projections will prove accurate. It is expected that there will be differences between actual and

projected results, and actual results may be materially greater or less than those contained in the projections. The inclusion of the projections herein should not be regarded as an indication that any of Parent, the Purchaser, the Company or their respective affiliates or representatives considered or consider the

projections to be a reliable prediction of future events, and the projections should not be relied upon as such. None of Parent, the Purchaser, the Company or any of their respective affiliates or representatives has made or makes any representation to any person regarding the ultimate performance of the Company compared to the information contained in the projections, and none of them intends to update or otherwise revise the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error.

AVAILABLE INFORMATION. The Company is subject to the informational requirements of the Exchange Act and, in accordance therewith, is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Certain information as of particular dates concerning the Company's directors and officers, their remuneration, stock options and other matters, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be disclosed in the Company's proxy statements distributed to the Company's shareholders and filed with the Commission. Such reports, proxy statements and other information should be available for inspection at the public reference facilities of the Commission at 450 Fifth Street, N.W., Washington, DC 20549, and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, NY 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661. Copies of such information should be obtainable, by mail, upon payment of the Commission's customary charges, by writing to the Commission's principal office at 450 Fifth Street, N.W., Washington, DC 20549. The Commission also maintains a Web site on the Internet at http://www.sec.gov/ that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. Such information should also be available for inspection at the offices of the National Association of Securities Dealers, Reports Section, 1735 K Street, Washington, D.C. 20006. The Parent's SEC filings are also available to the public over the Internet at EDGAR Online, Inc.'s web site (http://www.freeedgar.com).

Except as otherwise stated in this Offer to Purchase, the information concerning the Company contained herein has been taken from or based upon publicly available documents on file with the Commission and other publicly available information. Although Parent and the Purchaser do not have any knowledge that any such information is untrue, neither Parent nor the Purchaser takes any responsibility for the accuracy or completeness of such information or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of any such information.

9. CERTAIN INFORMATION CONCERNING PARENT AND THE PURCHASER

The Purchaser, a Massachusetts corporation that is a wholly owned subsidiary of Parent, was organized to acquire the Company and has not conducted any unrelated activities since its organization. The principal executive office and telephone number of the Purchaser are those of the Parent.

Parent is a Delaware corporation. The principal executive office of Parent is located at 3M Center, St. Paul, Minnesota 55144, telephone number (651) 773-1110. Parent is an integrated enterprise characterized by substantial intercompany cooperation in research, manufacturing and marketing of products. Parent's business has developed from its research and technology in coating and bonding for coated abrasives, the company's original product. Coating and bonding is the process of applying one material to another, such as abrasive granules to paper or cloth (coated abrasives), adhesives to backing (pressure-sensitive tapes), ceramic coating to granular mineral (roofing granules), glass beads to plastic backing (reflective sheeting), and low-tack adhesives to paper (repositionable notes). Shares of Parent are listed on the New York Stock Exchange.

The name, citizenship, business address, present principal occupation or employment and five-year employment history of each of the directors and executive officers of Parent and the Purchaser are set forth in Schedule I hereto.

Except as described in this Offer to Purchase, none of Parent or the Purchaser, or, to the best knowledge of Parent and the Purchaser, any of the persons listed in Schedule I or any associate or majority-owned subsidiary of Parent or the Purchaser, or any of the persons so listed, beneficially owns

any equity security of the Company, and none of Parent or the Purchaser or, to the best knowledge of Parent and the Purchaser, any of the other persons referred to above has effected any transaction in any equity security of the Company during the past 60 days.

Except as described in this Offer to Purchase or the Schedule TO filed with the Commission, (a) there have not been any contracts, transactions or negotiations between Parent or the Purchaser, any of their respective subsidiaries or, to the best knowledge of Parent and the Purchaser, any of the persons listed in Schedule I, on the one hand, and the Company or any of its directors, officers or affiliates, on the other hand, that are required to be disclosed pursuant to the rules and regulations of the Commission and (b) none of Parent, or the Purchaser or, to the best knowledge of Parent and the Purchaser, any of the persons listed in Schedule I has any contract, arrangement, understanding or relationship with any person with respect to any securities of the Company.

Because the only consideration in the Offer and Merger is cash and the Offer covers all outstanding Shares, and in view of the absence of a financing condition and in view of the financial capacity of Parent, Parent and the Purchaser believe the financial condition of Parent is not material to a decision by a holder of Shares whether to sell, tender or hold Shares pursuant to the Offer.

Notwithstanding the foregoing, however, set forth below is certain selected financial data with respect to the Parent and its subsidiaries excerpted from the data contained in the Parent's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 and its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2000. More comprehensive financial data is included in such reports and other documents filed by the Parent with the Commission, and the following summary is qualified in its entirety by reference to such reports, other documents and all the financial data (including any related notes) contained therein. Such reports and other documents should be available for inspection and copies thereof should be obtainable in the manner set forth below under "Available Information."

MINNESOTA MINING AND MANUFACTURING COMPANY

HISTORICAL FINANCIAL DATA

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30,	
	1995	1996	1997	1998	1999	1999	2000
	(IN MILLIONS, EXCEPT PER SHARE DATA)					(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:							
Net sales	$13,460	$14,236	$15,070	$15,021	$15,659	$11,636	$12,528
Income from continuing operations	1,306(2)	1,516	2,121(3)	1,213(4)	1,763(5)	1,319(5)	1,456(1)
Income per share from continuing operations -- basic	3.11	3.63	5.14	3.01	4.39	3.28	3.67
Income per share from continuing operations -- diluted	3.09	3.59	5.06	2.97	4.34	3.25	3.64
Cash dividends declared and paid per share	1.88	1.92	2.12	2.20	2.24	1.68	1.74
BALANCE SHEET DATA:							
Total assets	$14,183(6)	$13,364	$13,238	$14,153	$13,896		$14,682
Long-term debt (excluding portion due within one year)	1,203	851	1,015	1,614	1,480		1,141

</TABLE>

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(1) The first nine months of 2000 includes non-recurring costs, primarily relating to the company's decision to phase-out its perfluorooctanyl chemistry production, and includes non-recurring gains relating to asset dispositions, which together offset each other. The first nine months of 2000 also reflects a benefit of $31 million after tax, or 8 cents per diluted share, associated with the termination of a product distribution

agreement.

(2) 1995 includes a restructuring charge of $52 million after tax, or 12 cents per diluted share.

(3) 1997 includes a gain of $495 million after tax, or $1.18 per diluted share, on the sale of National Advertising Company.

(4) 1998 includes a restructuring charge of $313 million after tax, or 77 cents per diluted share.

(5) Total year 1999 and the first nine months of 1999 include a gain of $52 million after tax, or 13 cents per diluted share, relating to gains on divestitures, litigation expense, an investment valuation adjustment, and a change in estimate that reduced the 1998 restructuring charge.

(6) 1995 total assets include net assets of discontinued operations.

AVAILABLE INFORMATION. The Parent is subject to the informational requirements of the Exchange Act and, in accordance therewith, is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Certain information as of particular dates concerning the Parent's directors and officers, their remuneration, stock options and other matters, the principal holders of the Parent's securities and any material interest of such persons in transactions with the Parent is required to be disclosed in the Parent's proxy statements distributed to the Parent's shareholders and filed with the Commission. Such reports, proxy statements and other information should be available for inspection at the Commission and copies thereof should be obtainable from the Commission in the same manner as is set forth with respect to the Company in Section 8. The Parent's SEC filings are also available to the public over the Internet at EDGAR Online, Inc.'s web site (http://www.freeedgar.com).

10. SOURCE AND AMOUNT OF FUNDS

The total amount of funds required by the Purchaser to purchase all outstanding Shares pursuant to the Offer (assuming the exercise of all outstanding options and after deducting the proceeds of such exercise) and to pay fees and expenses related to the Offer and the Merger is estimated to be approximately $160 million. The Purchaser plans to obtain all funds needed for the Offer and the Merger

through a capital contribution that will be made by Parent to the Purchaser. Parent intends to use its available cash on hand to make this capital contribution. Neither the Offer nor the Merger is conditioned on obtaining financing.

11. CONTACTS AND TRANSACTIONS WITH THE COMPANY; BACKGROUND OF THE OFFER

Parent's Optical Systems Division has been regularly considering strategic acquisition opportunities during the past 18 months. During this period of consideration and review, Parent frequently considered the Company as a candidate for an alliance or business combination.

On August 18, 2000, representatives of Broadview, the Company's financial advisor, contacted the Company to initiate discussions of possible strategic alliances between Parent and the Company.

On August 30, 2000, Mr. Wong, Division Vice President of Parent's Optical Systems Division, along with other representatives of Parent met with D. Westervelt Davis, President and Chief Executive Officer of the Company, and other representatives and advisors of the Company, at the Company's offices in Methuen, Massachusetts, to discuss a full range of possible strategic alliances between Parent and the Company including a possible business combination.

Between August 30, 2000 and September 14, 2000, the Company provided selected information to Parent for purposes of evaluating a possible business combination and potential tender offer price.

On September 15, 2000, Mr. Wong and other representatives of Parent met with Mr. Davis and other representatives and advisors in Parent's offices in St. Paul, Minnesota to continue discussions regarding a possible business combination.

On September 20, 2000 Parent and the Company reached a preliminary understanding on a possible purchase price of $21.00 per share and certain other tentative terms of a possible transaction.

On September 27, 2000 and September 28, 2000, representatives and advisors of both Parent and the Company met at the offices of Company counsel in Boston,

Massachusetts, to discuss the Company's business operations. The parties also discussed the material terms of a possible business transaction. These discussions led to the execution of an exclusivity agreement on October 6, 2000 pursuant to which, subject to certain exceptions, the Company agreed to refrain from negotiating a business combination with any party other than Parent until October 25, 2000. The term of this exclusivity agreement was subsequently extended through November 3, 2000.

From October 2, 2000 through October 19, 2000, Parent's representatives and advisors met with various representatives and advisors of the Company to review the Company's business plans and operations. Also during this period, and continuing through November 3, 2000, Parent and its advisors conducted legal, environmental, business, and financial due diligence.

On October 19 and 20, 2000, representatives of Parent and the Company and their respective legal advisors met at Parent's offices in St. Paul, Minnesota to negotiate the Merger Agreement, Shareholders Agreement and Option Agreement. These negotiations continued telephonically until November 3, 2000, at which time the documents were finalized, subject to minor revisions over the next several days.

On November 9, 2000, the Company's Board of Directors approved the Offer, the Merger, the Merger Agreement, the Option Agreement, the Shareholders Agreement, and the other transactions contemplated thereby.

On November 13, 2000, Parent's Board of Directors approved the Offer, the Merger, the Merger Agreement, the Option Agreement, the Shareholder Agreement, and the other transactions contemplated thereby.

On November 13, 2000, Parent, the Purchaser and the Company executed the Merger Agreement, Parent and the Company executed the Option Agreement, and Parent, the Purchaser and certain officers and directors of the Company executed the Shareholders Agreement.

On November 13, 2000, Parent and the Company issued a joint press release in the United States announcing the execution of the Merger Agreement.

12. PURPOSE OF THE OFFER; PLANS FOR THE COMPANY

PURPOSE OF THE OFFER

The purpose of the Offer is to enable Parent to acquire control of the Company and to acquire the outstanding Shares. The Offer, as the first step in the acquisition of the Company, is intended to facilitate the acquisition of all the outstanding Shares. The purpose of the Merger is to acquire all outstanding Shares not tendered and purchased pursuant to the Offer or otherwise.

PLANS FOR THE COMPANY

If a majority of the outstanding Shares are purchased by the Purchaser pursuant to the Offer, Parent may designate its representatives as a majority of the Company Board. Parent's principal reason for acquiring the Company is the strategic fit of the Company's operations with Parent's operations. Parent intends to continue to review the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and to consider, subject to the terms of the Merger Agreement, what, if any, actions or changes would be desirable in light of the circumstances then existing (including steps to integrate the operations of the Company with those of Parent under the direction of Parent's management as well as the implementation of technical and industrial savings and synergies created by the transaction), and reserves the right to take such actions or effect such changes as it deems desirable. Such changes could include changes in the Company's corporate structure, capitalization, management or dividend policy.

Except as described above or elsewhere in this Offer to Purchase, Parent and the Purchaser have no present plans or proposals that would relate to or result in (i) any extraordinary corporate transaction involving the Company or any of its subsidiaries (such as a merger, reorganization, liquidation, relocation of any operations or sale or other transfer of a material amount of assets), (ii) any sale or transfer of a material amount of assets of the Company or any of its subsidiaries, (iii) any change in the Company Board or management of the Company, (iv) any material change in the Company's capitalization or dividend policy, (v) any other material change in the Company's corporate structure or business, (vi) a class of securities of the Company being delisted from a national securities exchange or ceasing to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association or (vii) a class of equity securities of the Company being eligible for termination of registration pursuant to Section 12(g) of the Exchange Act.

13. THE MERGER AGREEMENT; THE SHAREHOLDERS AGREEMENT; THE STOCK OPTION AGREEMENT

THE MERGER AGREEMENT

The Merger Agreement provides that, following the satisfaction or waiver of the conditions described below under "Conditions to the Merger," the Purchaser will be merged with and into the Company, with the Company being the surviving corporation, and each issued Share (other than Shares owned by Parent, the Purchaser or the Company or by shareholders, if any, who are entitled to and who properly exercise appraisal rights under Massachusetts law) will be converted into the right to receive highest the price per Share paid pursuant to the Offer in cash, without interest thereon.

THE COMPANY ACTION. The Merger Agreement states that the Company Board (i) determined that the Merger Agreement, the Offer and the Merger are fair to and in the best interests of the Company and the shareholders of the Company, (ii) approved and adopted the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, and (iii) resolved to recommend that the shareholders of the Company accept the Offer and tender their Shares pursuant to the Offer.

VOTE REQUIRED TO APPROVE MERGER. The MBCL requires, among other things, that, if the "short-form" merger procedure described below is not available, the adoption of any plan of merger or consolidation of the Company must be approved by the holders of two-thirds of the Company's outstanding Common Stock or such lesser percentage as is required under the Company's Articles of Organization (but in no event less than a majority). The Company's Articles of Organization permit approval of the Merger Agreement by the holders of a majority of the Company's outstanding Common Stock. Consequently, if

the "short-form" merger procedure is not available, the Company will call and hold a meeting of its shareholders promptly following the consummation of the Offer for the purpose of voting upon the approval of the Merger and the Merger Agreement. At such meeting all shares of Common Stock then owned by Parent or the Purchaser will be voted in favor of the approval of the Merger and the Merger Agreement. If the Purchaser acquires, through the Offer or otherwise, voting power with respect to at least a majority of the outstanding shares of Company Common Stock (which would be the case if the Minimum Tender Condition were satisfied and the Purchaser accepts for payment Shares tendered pursuant to the Offer), it would have sufficient voting power to effect the Merger without the affirmative vote of any other shareholder of the Company.

The MBCL provides that, if a parent company owns at least 90% of the outstanding shares of each class of the stock of another corporation, the parent company may effect a "short-form" merger pursuant to which the subsidiary can be merged into the parent company without a shareholder vote. The Merger Agreement currently provides that, upon consummation of the Merger, Purchaser would be merged into the Company. However, the MBCL "short-form" merger provisions do not permit a parent to merge into a subsidiary. Thus, a "short-form" merger would not be available unless the Merger Agreement were amended to provide that the Company would be merged into the Purchaser. The Purchaser and the Company may agree to amend the Merger Agreement to allow the Merger to be effected pursuant to the "short-form" merger provisions of the MBCL without any action by any shareholder of the Company.

CONDITIONS TO THE MERGER. The Merger Agreement provides that the respective obligations of each party to effect the Merger are subject to the satisfaction or waiver of certain conditions, including the following: (a) Shareholder Approval (as defined below under "Termination of the Merger Agreement"), if required by applicable law, shall have been obtained; (b) no order, decree or injunction (collectively, "LEGAL RESTRAINTS") shall have been entered or issued by any governmental or regulatory authority, court, agency, commission or other governmental entity or any securities exchange or other self-regulatory body, domestic or foreign ("GOVERNMENTAL ENTITY"), that has the effect of making the Merger illegal or otherwise prohibiting consummation of the merger; (c) any requisite waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have expired or been terminated and any other approval or waiting period required prior to the effective time of the Merger (the "EFFECTIVE TIME") under any other applicable competition, merger control, antitrust or similar law or regulation of any Governmental Entity shall have been obtained or terminated or shall have expired, other than those the failure of which to have been obtained or terminated or to have expired would not reasonably be expected to have a Material Adverse Effect, as defined in the Merger Agreement or result in the commission of a criminal offense; (d) the Purchaser shall have previously accepted for payment and paid for the Shares pursuant to the Offer; (e) the Shareholders Agreement shall be in full force and effect; (f) the Stock Option Agreement shall be in full force and effect; and (g) the Company shall have performed in all material respects its covenants regarding employee benefits plans contained in the Merger Agreement that are required to be performed on or prior to the Closing Date.

TERMINATION OF THE MERGER AGREEMENT. Except as otherwise provided in the

Merger Agreement, the Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after the Shareholder Approval has been obtained:

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

(b) by any party, if the Purchaser shall not have accepted for payment any Shares pursuant to the Offer satisfying the Minimum Tender Condition prior to February 28, 2001 (the "TERMINATION DATE"); PROVIDED that this right to terminate the Merger Agreement is not available to any party whose breach of the Merger Agreement has been a principal reason the Offer has not been consummated by such date; and provided further, that either party, by written notice to the other party, may extend the Expiration Date beyond February 28, 2001 to a date not later than April 30, 2001 if all conditions of the Offer other than those set forth in paragraph (f) of Section 15 -- "Conditions to the Offer" -- of this Offer to Purchase have been satisfied on or before February 28, 2001;

(c) by any party, if a Governmental Entity shall have issued an order, decree or injunction or taken any other action permanently enjoining, restraining or otherwise prohibiting the acceptance for payment of, or payment for the Shares pursuant to the Offer or the Merger and such order, decree or injunction, or other action shall have become final and nonappealable;

(d) by Parent (i) if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach, individually or in the aggregate with other breaches, would give rise to the failure of a condition set forth in paragraph (d) or (e) under Section 15 -- "Certain Conditions of the Offer" -- of this Offer to Purchase, and has not been or is incapable of being cured by the Company within 20 business days after its receipt of written notice thereof from Parent, or (ii) if any suit, action or proceeding described in paragraph (a) under Section 15 -- "Certain Conditions of the Offer" -- of this Offer to Purchase shall have prevailed and become final and nonappealable;

(e) by the Company, if either of Parent or the Purchaser shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, except for such failures that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Parent's or the Purchaser's ability to consummate the transactions contemplated by the Merger Agreement, including the Offer and the Merger, which breach or failure to perform has not been or is incapable of being cured by Parent within 20 business days after its receipt of written notice thereof from the Company;

(f) by Parent, if the Merger and Merger Agreement have not been approved by an affirmative vote of the holders of a majority of the outstanding Shares ("SHAREHOLDER APPROVAL") unless Shares satisfying the Minimum Tender condition have been tendered to the Purchaser;

(g) by Parent, if (i) the Company Board shall or shall resolve to (A) either not recommend that Company shareholders accept the Offer or, if applicable, give the Shareholder Approval, (B) withdraw or modify in any manner materially adverse to Parent or the Purchaser the Recommendation, (C) approve, recommend or fail to take a position that is adverse to any proposed Acquisition Transaction involving the Company or any of its subsidiaries (as described below under "Acquisition Proposals") or (D) except pursuant to the exercise of the Company's rights in circumstances described below under "Acquisition Proposals" in which termination of the Merger Agreement by the Company is permitted, take any action to make the provisions of Chapter 110D or 110F of the MGL (as described in Section 16) inapplicable to any Acquisition Transaction or release any standstill agreements or other similar restrictions, or amend the Rights Agreement, redeem the Rights or take any other action which would result in the Rights Agreement becoming inapplicable to any person or any Acquisition Transaction; (ii) the Company Board shall have refused to affirm to the Parent its recommendation to Company shareholders that they accept the Offer and give the Shareholder Approval as promptly as practicable (but in any case within five days) after receipt of any reasonable written request for such affirmation from Parent; or (iii) a person shall have acquired more than 20% of the outstanding shares of Company Common Stock; or

(h) by the Company in the circumstances described below under "Acquisition Proposals" in which such termination by the Company is permitted, subject to compliance by the Company with the notice and termination fee provisions described below.

ACQUISITION PROPOSALS. The Merger Agreement provides that, without the prior written consent of Parent, the Company will not, and will not authorize or permit any of its subsidiaries to, and shall use its reasonable best efforts to cause any of its or their respective officers, directors, employees, financial advisors, agents or other representatives not to, directly or indirectly,

solicit, initiate or encourage (including by way of furnishing information) or take any other action to facilitate the making of any proposal which constitutes or may reasonably be expected to lead to an Acquisition Proposal (as defined below) from any person, engage in any discussion or negotiations relating thereto or accept any Acquisition Proposal or enter into any contract or understanding requiring it to abandon, terminate or fail to consummate the Merger or any of the other transactions contemplated by the Merger Agreement; provided that, at any time prior to the acceptance for payment of Shares pursuant to the Offer, the Company may furnish information to, and negotiate or otherwise engage in discussions with, any person (a "PROPOSING PARTY") who (a) delivers a bona fide written Acquisition Proposal which was not solicited, initiated, encouraged or facilitated by the Company, directly or indirectly, after the date of the Merger Agreement or otherwise resulted from a breach of Section 5.3 of the Merger Agreement, and (b) enters into an appropriate confidentiality agreement with the Company, if, but only if, the Board of Directors

of the Company determines in good faith by a majority vote, (i) after consultation with, and receipt of advice from, its outside legal counsel, and taking into account, among other things, all legal, financial, regulatory and other aspects of the proposal and the party making the proposal, that such proposal would, if consummated, result in a transaction that is more favorable to its shareholders (in their capacities as shareholders), from a financial point of view, than the transactions contemplated by the Merger Agreement, and (ii) after consultation with the Company's independent financial advisors, that such proposal could reasonably be expected to be completed (a "SUPERIOR TRANSACTION").

The Merger Agreement provides that the Company shall notify Parent orally and in writing (i) of any such offers or proposals described in the immediately preceding paragraph (including, without limitation, the terms and conditions of any such offers or proposals), and any amendments or revisions thereto, (ii) whether the person making such offer or proposal has a class of equity securities that is publicly traded, and whether such person is a Fortune 500 company, is listed on the New York Stock Exchange or is traded on The Nasdaq National Market, and (iii) without requiring the Company to divulge information that reasonably could lead Parent to identify the person making such offer or proposal, such other information regarding the financial position of the person making such offer or proposal and such other information as Parent reasonably may request relating to such person's ability to finance and consummate the Acquisition Transaction (as defined below) so offered or proposed. The foregoing information shall be delivered to Parent as promptly as practicable following the receipt by the Company of such offer or proposal, and the Company shall keep Parent reasonably informed of the status and material terms of any such offer or proposal.

"ACQUISITION PROPOSAL" means any proposal or offer from any person (other than Parent or any of its subsidiaries) relating to any (i) direct or indirect acquisition or purchase of a portion of the business of the Company or any of its subsidiaries that generates 20% or more of the consolidated net revenues or constitutes 20% or more of the assets of the Company and its subsidiaries, (ii) direct or indirect acquisition or purchase of 20% or more of any class of equity securities of the Company or any of its subsidiaries whose business generates 20% or more of the consolidated net revenues or constitutes 20% or more of the assets of the Company and its subsidiaries, (iii) tender offer or exchange offer that if consummated would result in any person beneficially owning 20% or more of the capital stock of the Company, or (iv) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of it subsidiaries whose business generates 20% or more of the consolidated net revenues or constitutes 20% or more of the assets of the Company and its subsidiaries. Each of the transactions referred to in clauses (i) -- (iv) above, other than any such transaction to which Parent or any of its subsidiaries is a party, shall be deemed to exclude the Company's subsidiary in Australia and is referred to as an "ACQUISITION TRANSACTION."

For purposes of the definitions of the terms "Acquisition Proposal" and "Acquisition Transaction," the term "consolidated net revenues" means the aggregate revenues of the Company and its subsidiaries for the 12-month period ending on the last day of the period covered by the most recent Form 10-K report of the Company or, if later, the most recent Form 10-Q report of the Company filed with the SEC.

If, prior to the acceptance for payment of Shares pursuant to the Offer, the Board of Directors of the Company determines in good faith by a majority vote, with respect to any Acquisition Proposal from a proposing party for an Acquisition Transaction received after the date of the Merger Agreement that was not solicited, initiated, encouraged or facilitated by the Company, directly or indirectly, after the date of the Merger Agreement or did not otherwise result from a breach of the requirements described above, that, based upon consultations with the Company's independent financial advisors and outside legal counsel, the Acquisition Transaction is a Superior Transaction, then the

Company may terminate the Merger Agreement and enter into an acquisition agreement for the Superior Transaction; provided that, prior to any such termination, and in order for such termination to be effective, (i) the Company shall provide Parent three business days' written notice that it intends to terminate the Merger Agreement, identifying the Superior Transaction and delivering an accurate description of all material terms of the Superior Transaction to be entered into, and (ii) on the date of termination (provided that the advice of the Company's independent financial advisors and outside legal counsel referred to above shall continue in effect without revocation, revision or modification), the Company shall deliver to

Parent (A) a written notice of termination of the Merger Agreement, (B) a wire transfer of immediately available funds in the amount of the Termination Fee described below, (C) a written acknowledgment from the Company that the termination of the Merger Agreement and the entry into the Superior Transaction are a Triggering Event (as defined below), and (D) a written acknowledgment from each other party to the Superior Transaction that it has read the Company's acknowledgment referred to in clause (C) above and will not contest the matters thus acknowledged by the Company, including the payment of the Termination Fee.

The Merger Agreement provides that the provisions described above will prevent the Board of Directors of the Company from taking, and disclosing to the Company's shareholders, a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act or making any disclosure required under the MGL (subject, however, to compliance with the balance of this sentence where applicable), and the Company Board may prior to the acceptance for payment of Shares pursuant to the Offer, withdraw, modify or change its recommendation if, in its good faith judgment, after consultation with outside legal counsel, failure to take such action would be inconsistent with its obligations under applicable law; provided that in the case of a tender offer, the Company Board shall not recommend that shareholders tender their Shares in such tender offer unless (i) such tender offer is determined to be a Superior Transaction in accordance with the provisions the Merger Agreement and (ii) the Company has provided Parent with not less than three business days' prior written notice of any such action.

FEES AND EXPENSES; TERMINATION FEE. The Merger Agreement provides that, except as set forth below, all costs and expenses incurred in connection with the Merger Agreement, the Offer, the Merger and the other transactions contemplated by the Merger Agreement shall be paid by the party incurring such fees or expenses, whether or not the Offer or the Merger is consummated. All reasonable fees and expenses of the Company's financial advisors and legal counsel shall be paid by the Surviving Corporation of the Merger upon the consummation of the Merger.

Upon the happening of a Triggering Event, the Company shall pay to Parent the amount of $9,000,000 (the "TERMINATION FEE"). "TRIGGERING EVENT" is defined in the Merger Agreement to mean any one of the following:

(i) a termination of the Merger Agreement by Parent pursuant to clauses (i) and (ii) of paragraph (g) under this Section 13 -- "Termination of the Merger Agreement" -- of this Offer to Purchase;

(ii) a termination of the Merger Agreement by Parent pursuant to clause (i) of paragraph (d)(i) or paragraph (f) under this Section 13 -- "Termination of the Merger Agreement" -- of this Offer to Purchase, if any Acquisition Proposal is publicly proposed or announced on or after the date of the Merger Agreement and such Acquisition Proposal has not been publicly rejected by the Board of Directors of the Company;

(iii) a termination of the Merger Agreement by the Company pursuant to paragraph (h) under this Section 13 -- "Termination of the Merger Agreement" -- of this Offer to Purchase; or

(iv) if, within twelve months after a termination of the Merger Agreement, any Acquisition Transaction is entered into, agreed to or consummated by the Company with a person (other than Parent or the Purchaser) who made, or who is affiliated with any person (other than Parent or the Purchaser) who made (A) an Acquisition Proposal or (B) a statement of intent to pursue an Acquisition Transaction, either of which was publicly proposed or announced prior to a termination of the Merger Agreement.

Payment of the Termination Fee shall be made by wire transfer of immediately available funds (1) on the second business day after such termination in the case of clauses (i) and (ii) of the definition of Triggering Event set forth above, (2) on or prior to the date of such termination, in the case of clause (iii) of the definition of Triggering Event, or (3) on the earlier of (x) the date a contract is entered into with respect to an Acquisition Transaction or (y) the date an Acquisition Transaction is consummated, in the case of clause (iv) of the definition of Triggering Event.

In no event shall more than one Termination Fee be payable by each party under the Merger Agreement.

The Merger Agreement also provides that, if the Company terminates the Merger Agreement pursuant to paragraph (e) under this Section 13 -- "Termination of the Merger Agreement" -- of this Offer to Purchase, Parent shall pay to the Company, as liquidated damages, the sum of $9,000,000.

INTERIM OPERATIONS OF THE COMPANY. In the Merger Agreement, the Company covenants and agrees as to itself and its subsidiaries, that, unless otherwise approved in writing by Parent or expressly contemplated by the Merger Agreement or the disclosure letter furnished by the Company to Parent (the "DISCLOSURE LETTER"), during the period from the date of the Merger Agreement until the earlier of (a) the termination of the Merger Agreement and (b) the Effective Time:

(i) the business of the Company and its subsidiaries (other than the Company's subsidiary in Australia) taken as a whole shall be conducted in all material respects in the ordinary and usual course consistent with the Company's past practice and, to the extent consistent therewith, the Company shall use, and shall cause its subsidiaries to use, reasonable commercial efforts to preserve its business organization intact in all material respects, keep available the services of its officers and employees as a group (subject to changes in the ordinary course) and maintain its existing relations and goodwill in all material respects with customers, suppliers, regulators, distributors, creditors, lessors, and others having business dealings with it, in each case, consistent with the Company's past practice;

(ii) the Company shall not issue, deliver, grant or sell any additional shares of Company Common Stock or any subscriptions, options (including those granted under either the Company's (a) 1992 Equity Incentive Plan, (b) 1994 Directors Stock Option Plan, or (c) 1998 Employee and Consultant Non-Qualified Stock Option Plan (collectively, the "STOCK OPTION PLANS")), warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire from the Company or any of its subsidiaries at any time, or upon the happening of any stated event, any shares of capital stock of the Company (the "COMPANY OPTIONS") (other than the issuance, delivery, grant or sale of shares of Company Common Stock pursuant to the exercise or conversion of Company Options outstanding as of the date of the Merger Agreement);

(iii) the Company shall not (A) amend its Articles of Organization or By-laws, amend or take any action under the Rights Agreement (other than actions requested by Parent in order to render the Rights inapplicable to the Offer, the Merger and the other transactions contemplated by the Merger Agreement), or adopt any other shareholders rights plan or enter into any agreement with any of its shareholders in their capacity as such; (B) split, combine, subdivide or reclassify its outstanding shares of capital stock; (C) declare, set aside or pay any dividend or distribution payable in cash, stock or property in respect of any of its capital stock, other than dividends and distributions by a direct or indirect wholly-owned subsidiary of the Company to its parent corporation; or (D) repurchase, redeem or otherwise acquire or permit any of its subsidiaries to purchase, redeem or otherwise acquire, any shares of its capital stock or any Company Options (it being understood that this provision shall not prohibit the exercise (cashless or otherwise) of Company Options);

(iv) the Company shall not, and shall not cause or permit any of its subsidiaries to, take any action that it knows would cause any of its representations and warranties in the Merger Agreement to become inaccurate in any material respect;

(v) except as expressly permitted by the Merger Agreement, and except as required by applicable law or pursuant to contractual obligations in effect on the date of the Merger Agreement, the Company shall not, and shall not permit its subsidiaries to, (A) enter into, adopt or amend (except for renewals on substantially identical terms) any agreement or arrangement relating to severance, (B) enter into, adopt or amend (except for renewals on substantially identical terms) any employee benefit plan or employment or consulting; or (C) grant any stock options or other equity related awards;

(vi) except for borrowings under lines of credit contemplated by the Disclosure Letter and trade debt incurred in the ordinary course of business consistent with past practice, neither the Company nor any of its subsidiaries shall issue, incur or amend the terms of any indebtedness for

borrowed money or guarantee any such indebtedness (other than indebtedness of the Company or any wholly-owned subsidiary);

(vii) neither the Company nor any of its subsidiaries shall make any capital expenditures in an aggregate amount in excess of the aggregate amount reflected in the capital expenditure budget, a copy of which is attached to the Disclosure Letter;

(viii) other than in the ordinary course of business consistent with past practice, neither the Company nor any of its subsidiaries shall transfer, lease, license, sell, mortgage, pledge, encumber or otherwise dispose of any of its or its subsidiaries' property or assets (including capital stock of any of its subsidiaries) material to the Company and its subsidiaries taken as a whole, except pursuant to contracts existing as of the date of the Merger Agreement (the terms of which have been previously disclosed to Parent);

(ix) neither the Company nor any of its subsidiaries shall issue, deliver, sell or encumber shares of any class of its capital stock or any securities convertible into, or any rights, warrants or options to acquire, any such shares, except any such shares issued pursuant to options and other awards outstanding on this date under Company benefit plans or as otherwise permitted by the Merger Agreement;

(x) neither the Company nor any of its subsidiaries shall acquire any business, including any facilities, whether by merger, consolidation, purchase of property or assets or otherwise, except to the extent provided for in the capital expenditure budget attached to the Disclosure Letter;

(xi) the Company shall not change its accounting policies, practices or methods in any manner that materially affects the reported consolidated assets, liabilities or results of operations of the Company, except as required by generally accepted accounting principles, applicable law or by the rules and regulations of the SEC;

(xii) other than pursuant to the Merger Agreement, the Company shall not, and shall not permit any of its subsidiaries to, take any action to cause shares of its Common Stock to cease to be listed on the Nasdaq National Market System;

(xiii) the Company shall not, and shall not permit any of its subsidiaries to (A) enter into any contract, lease, agreement, instrument or other arrangement containing any covenant limiting the freedom of the company or any of its subsidiaries to engage in the business of the Company or compete with any person, (B) enter into any joint venture or partnership agreement that is material to the Company and its subsidiaries taken as a whole, or (C) enter into or amend any distribution, supply, inventory purchase, franchise, license, sales agency or advertising contract outside of the ordinary course of business consistent with past practice in scope and amount but in no event for a term (or an extension of a term) beyond the date that is twelve months after the date of the Merger Agreement;

(xiv) the Company shall not, and shall not cause or permit any of its subsidiaries to, change or, other than in the ordinary course of business consistent with past practice, make any material tax election, settle any audit or file any amended tax returns, except as required by applicable law;

(xv) the Company shall not take any action that could reasonably be expected to result in (A) any representation and warranty of the Company set forth in the Merger Agreement that is qualified as to materiality becoming untrue, (B) any such representation and warranty that is not so qualified becoming untrue in any manner that has or is reasonably expected to have a material adverse effect or (C) any condition to the Offer or the Merger not being satisfied; or

(xvi) the Company shall not enter into, or permit any of its subsidiaries to enter into, any commitments or agreements to do any of the foregoing.

BOARD OF DIRECTORS. The Merger Agreement provides that, promptly upon the satisfaction of the Minimum Tender Condition and the acceptance for payment of, and payment by Purchaser for, any Shares pursuant to the Offer, Purchaser will be entitled to designate such number of directors on the Company Board as will give Purchaser representation on the Company Board equal to that number of directors, rounded down to the next whole number, which is the product of (a) the total number of

directors on the Company Board (giving effect to the directors elected pursuant

to this sentence) MULTIPLIED BY (b) a fraction, the numerator of which is the number of Shares so accepted for payment and paid for by Purchaser and the denominator of which is the number of Shares outstanding at the time of acceptance for payment of Shares pursuant to the Offer, and the Company shall, promptly upon such designation by Purchaser, cause Purchaser's designees to be elected or appointed to the Company Board; PROVIDED, HOWEVER, that during the period commencing with the election or appointment of Purchaser's designees to the Company Board until the Effective Time or earlier termination of the Merger Agreement, the Company Board shall have at least two directors who are directors on the date of the Merger Agreement and who are not officers of the Company or representatives of any affiliates of the Company (the "INDEPENDENT DIRECTORS"); and PROVIDED FURTHER, HOWEVER, that if during such period the number of Independent Directors shall be reduced below two for any reason whatsoever, the remaining Independent Directors (or Independent Director, if there shall be only one remaining) shall be entitled to designate persons to fill any such vacancies who shall be deemed to be Independent Directors for purposes of the Merger Agreement or, if no Independent Directors then remain, the other directors shall designate two persons to fill such vacancies who are not officers, affiliates, associates or shareholders of Parent or Purchaser, and such persons shall be deemed to be Independent Directors for purposes of the Merger Agreement.

STOCK OPTIONS. The Merger Agreement provides that, as of the Effective Time, each Company Option issued under the Stock Option Plans (each as defined above under the heading "Interim Operations of the Company") and outstanding immediately prior to the Effective Time shall be converted into the right to receive in cash an amount equal to the "Net Gain" attributable to such Company Option. At the Effective Time all such Company Options shall no longer be outstanding and shall automatically be cancelled and terminated and shall cease to exist, and each holder of a Company Option shall cease to have any rights with respect thereto, except the right to receive the Net Gain attributable thereto. For purposes of the Merger Agreement, the term "NET GAIN" with respect to a Company Option means the product of (x) the excess of the highest price per Share paid pursuant to the Offer over the exercise price per share of such Company Option, and (y) the number of Shares of Common Stock subject to such Company Option. Immediately prior to the Effective Time, Parent shall provide or cause to be provided to the Company in a timely manner the funds necessary to pay the aggregate amount of "Net Gains" attributable to all Company Options that the Company becomes obligated to pay pursuant to the foregoing provisions of the Merger Agreement.

TERMINATION OF STOCK OPTION PLANS. As the plan sponsor, the Company will (i) not issue options to purchase shares of Company Common Stock under any of the Stock Option Plans after the date of the Merger Agreement, (ii) cause all of the Company Options issued under the Stock Option Plans and outstanding as of the date of the Merger Agreement to become fully vested and immediately exercisable upon the satisfaction of the Minimum Tender Condition, (iii) exercise its authority under the Stock Option Plans to cause each Company Option still outstanding at the Effective Time of the Merger to be converted into the right to receive in cash an amount equal to the Net Gain attributable to such Company Option, and (iv) cause all of the Stock Option Plans and all of the Company Options outstanding under such Plans to be terminated effective as of the date of closing of the Merger (the "CLOSING DATE"), subject to the right of the holders of Company Options to receive the Net Gains attributable to their Company Options as described above.

MERGER OF 401(k) PLAN. As the plan sponsor, the Company will (on or before the Closing Date, except with respect to clauses (vi), (vii) and viii below, which shall occur as soon as administratively practicable following the Closing Date) (i) adopt all amendments to the MicroTouch Systems, Inc. Employee Savings Plan (the "401(k) Plan") necessary to make such Plan comply with the applicable legal requirements as changed by the laws described in Revenue Procedure 99-23 issued by the IRS, (ii) make matching contributions (in amounts consistent with its practice of making such contributions in prior years) to the accounts of participants in such 401(k) Plan for the plan year ending December 31, 2000, (iii) comply with the 401(k) Plan's provisions with respect to participant loans by placing in default and treating as deemed distributions the amount of any loans outstanding to former employees of the Company which have not been repaid in full (other than the former employees affected by the sale by the Company of its Factura business), (iv) obtain the resignations of Geoffrey Clear, James Ragonese and Anne Marie Bell as trustees of the trust forming part of such 401(k) Plan, effective as of the Closing Date, (v) appoint

L. Joseph Thompson as successor trustee of the trust forming part of such 401(k) Plan, effective as of the Closing Date, (vi) approve the merger of such 401(k) Plan with the Minnesota Mining and Manufacturing Company Voluntary Investment Plan and Employee Stock Ownership Plan (the "VIP"), (vii) direct the trustees of the 401(k) Plan to prepare for the transfer of the assets and records of such Plan to the trustee of the VIP, and (viii) prior to the merger of the 401(k) Plan into the VIP, cause the 401(k) Plan to return sufficient contributions and earnings thereon to the Company's highly compensated employees so that the 401(k) Plan complies with the anti-discrimination provisions of Section 401(k)

of the Code for the plan year ending December 31, 2000. The Merger Agreement provides that the surviving corporation of the Merger shall permit its employees to continue their participation in the 401(k) Plan (if they have not become eligible to participate in the VIP) until the 401(k) Plan is merged into the VIP.

EMPLOYMENT AGREEMENTS. The Company will assist Parent in (i) identifying those key employees of the Company and its subsidiaries whose continued employment following the Closing Date should be covered by individual employment agreements, and (ii) designing the provisions of such agreements; PROVIDED, HOWEVER, that the surviving corporation of the Merger shall have the final authority to decide which of the Company's employees will be offered such employment agreements. The Company will use reasonable commercial efforts to convince such key employees to enter into such individual employment agreements on or prior to the Closing Date.

RETENTION INCENTIVES. The Company will assist Parent in (i) identifying those key employees of the Company and its subsidiaries who should be eligible for retention bonuses/compensation as an incentive for them to continue their employment following the Closing Date, and (ii) designing the terms and conditions of such retention bonuses/compensation; PROVIDED, HOWEVER, that the surviving corporation of the Merger shall have the final authority to decide both the employees eligible for such retention bonuses/compensation as well as the terms and conditions of such bonuses/compensation.

TERMINATION OF STOCK PURCHASE PLAN. As the plan sponsor, the Company will (i) exercise its authority under its 1995 Employee Stock Purchase Plan to treat the Closing Date as an "Offering Termination Date" for purposes of such Plan, (ii) cause each option in effect under the 1995 Employee Stock Purchase Plan as of such Offering Termination Date to be exercised as of the Closing Date, and (iii) cause the 1995 Employee Stock Purchase Plan and all of the options outstanding under such Plan to be terminated effective as of the Closing Date, subject to the right of the option holders to receive the highest price per Share paid pursuant to the Offer for the Shares they become entitled to receive upon the exercise of their options.

INDEMNIFICATION, EXCULPATION AND INSURANCE. The Merger Agreement provides that Parent shall maintain in effect with a carrier reasonably acceptable to the Company for not less than six years after the Effective Time, the Company's current directors and officers insurance policies, if such insurance is obtainable (or policies of at least the same coverage containing terms and conditions no less advantageous to the current and all former directors and officers of the Company) with respect to acts or failures to act prior to the Effective Time, including acts relating to the transactions contemplated by the Merger Agreement; provided, however, that in order to maintain or procure such coverage, Parent shall not be required to maintain or obtain policies providing such coverage except to the extent such coverage can be provided at an annual cost of no greater than two times the most recent annual premium paid by the Company prior to the date of the Merger Agreement (the "CAP"); and provided, further, that if equivalent coverage cannot be obtained, or can be obtained only by paying an annual premium in excess of the Cap, Parent shall only be required to obtain as much coverage as can be obtained by paying an annual premium equal to the Cap.

The Merger Agreement also provides that from and after the Effective Time, Parent shall indemnify and hold harmless, to the fullest extent permitted under applicable law, each person who is, or has been at any time prior to the date of the Merger Agreement or who becomes prior to the Effective Time, an officer or director of the Company or any of its subsidiaries (each, an "INDEMNIFIED PARTY") against all losses, claims, damages, liabilities, costs or expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation arising out of or pertaining to acts or omissions, or alleged acts or omissions, by them in their capacities as such, which acts or omissions occurred prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time.

The Merger Agreement requires the surviving corporation in the Merger to keep in effect all provisions in its articles of organization and by-laws that provide for exculpation of director and officer liability and indemnification (and advancement of expenses related thereto) of the past and present officers and directors of the Company to the fullest extent permitted by the MBCL and such provisions shall not be amended except as either required by applicable law or to make changes permitted by law that would enhance the rights of past or present officers and directors to indemnification or advancement of expenses.

REPRESENTATIONS AND WARRANTIES. The Merger Agreement contains various customary representations and warranties, including representations relating to corporate existence and power; capitalization; corporate authorizations; subsidiaries; SEC filings; absence of certain changes; litigation; contracts; compliance with laws; labor matters; environmental matters; employee benefits

matters; taxes; intellectual property; real and personal property; state takeover statutes; brokers; the inapplicability of the Rights Agreement to the Offer and the Merger; and the opinion of the Company's financial advisor.

PROCEDURE FOR AMENDMENT, EXTENSION OR WAIVER. The Merger Agreement provides that it may be amended in writing by the parties thereto at any time, whether before or after the Shareholder Approval has been obtained; PROVIDED that, after the purchase of Shares pursuant to the Offer, no amendment shall be made which decreases the price per Share payable pursuant to the Offer and, after the Shareholder Approval, if required, has been obtained, there shall be made no amendment that by law requires further approval by the shareholders of the parties without the further approval of such shareholders. Following the consummation of the Offer and prior to the Effective Time, the affirmative vote of a majority of the Independent Directors then in office shall be required by the Company to (i) amend or terminate the Merger Agreement by the Company, (ii) exercise or waive any of the Company's rights or remedies under the Merger Agreement or (iii) extend the time for performance of Parent and Purchaser's respective obligations under the Merger Agreement.

The foregoing summary of the Merger Agreement is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit (d)(1) to the Schedule TO. The Merger Agreement should be read in its entirety for a more complete description of the matters summarized above.

THE SHAREHOLDERS AGREEMENT

The following is a summary of certain provisions of the Shareholders Agreement, dated as of November 13, 2000 among Parent, Purchaser and certain executive officers and directors of the Company (the "SHAREHOLDERS AGREEMENT").

TENDER OF SHARES. Subject to certain permitted dispositions of Shares, certain executive officers and directors of the Company (the "SHAREHOLDERS") have agreed to tender all of their Shares in the Offer (including any Shares acquired after the date of the Shareholders Agreement) and not to withdraw such Shares from the Offer unless the Offer or the Merger Agreement is terminated. The Shareholders own, in the aggregate, 11.2% of the outstanding Shares on a fully diluted basis.

OPTIONS. Each of the Shareholders has also agreed to the cancellation of each outstanding Company option to purchase shares of Common Stock that is held by such Shareholder at the time of acceptance for payment of any Shares by the Purchaser in the Offer, in exchange for the consideration described above under "The Merger Agreement -- Stock Options."

VOTING AGREEMENT. Each of the Shareholders further agreed that from the date of the Shareholders Agreement until the termination of the Merger Agreement, at any meeting of the shareholders of the Company, however called, and in any action by consent of the shareholders of the Company, such Shareholder will vote such Shareholder's Shares (i) in favor of the approval and adoption of the Merger Agreement, the Merger and all the transactions contemplated by the Merger Agreement and the Shareholders Agreement and otherwise in such manner as may be necessary to consummate the Merger; (ii) except as otherwise agreed to in writing by Parent, against any action, proposal, agreement or transaction that would result in a material breach of any covenant, obligation, agreement, representation or warranty of the Company under the Merger Agreement (whether or not theretofore terminated) or of the Shareholder contained in the Shareholders Agreement; and (iii) against any action, agreement or

transaction that would materially delay or impair the ability of the Company to consummate the transactions provided for in the Merger Agreement or any Acquisition Proposal.

IRREVOCABLE PROXY. Pursuant to the Shareholders Agreement, each of the Shareholders irrevocably appointed Parent and each of its officers as such Shareholder's attorney, agent and proxy, with full power of substitution, to vote and otherwise act (by written consent or otherwise) with respect to such Shareholder's shares of Company Common Stock at any meeting of shareholders of the Company or by written consent in lieu of any such meeting or otherwise, on the matters and in the manner specified in the paragraph above.

Pursuant to the Shareholders Agreement, each Shareholder agreed to revoke all other proxies and powers of attorney with respect to such Shareholder's shares of Company Common Stock, and agreed that no subsequent proxy or power of attorney will be given or written consent executed (and if given or executed, shall not be effective) by any Shareholder with respect thereto.

NO DISPOSITION OR ENCUMBRANCE OF SHARES. Each of the Shareholders further agreed that, except as contemplated by the Shareholders Agreement, such Shareholder will not (i) sell, transfer, tender, pledge, assign, contribute to the capital of any entity, hypothecate, give or otherwise dispose of, grant a

proxy or power of attorney with respect to, deposit into any voting trust, enter into any voting agreement, or create or permit to exist any liens of any nature whatsoever with respect to, any of such Shareholder's Shares, other than the making of bona fide gifts of such shares in an aggregate amount of not more than 20,000 shares per Shareholder (provided that bona fide charitable organizations under the Code need not agree to be so bound), (ii) other than as contemplated by the Shareholders Agreement, take any action that would make any representation or warranty of such Shareholder untrue or incorrect in any material respect or have the effect of preventing or disabling such Shareholder from performing such Shareholder's material obligations or (iii) directly or indirectly, initiate, solicit or encourage any person to take actions that could reasonably be expected to lead to the occurrence of any of the foregoing.

NO SOLICITATION OF TRANSACTIONS. Subject to each of the Shareholder's fiduciary duties and obligations as an officer or director of the Company, each Shareholder agreed that between the date of the Shareholders Agreement and the date of termination of the Merger Agreement, such Shareholder will not, directly or indirectly, solicit, initiate, facilitate, including by furnishing any information to any person, or encourage the submission of any Acquisition Proposal or any proposal that may reasonably be expected to lead to, an Acquisition Proposal.

TERMINATION. Each Shareholder's obligation under the Shareholders Agreement to tender, and not withdraw, their Shares pursuant to the Offer will terminate on the earlier of expiration date of the Offer and the termination of the Merger Agreement. The remaining provisions of the Shareholders Agreement will terminate, and no party will have any rights or obligations under the Shareholders Agreement, and the Shareholders Agreement shall become null and void and have no further effect upon the earlier of (i) the Effective Time and (ii) the termination of the Merger Agreement.

THE STOCK OPTION AGREEMENT

The following is a summary of certain provisions of the Stock Option Agreement, dated as of November 13, 2000, between Parent and the Company (the "OPTION AGREEMENT"). The Option Agreement could have the effect of making an acquisition of the Company by a third party more costly because of the need to acquire in any such transaction the option shares issued under the Option Agreement. The Option Agreement could also jeopardize the ability of a third party to acquire the Company in a transaction to be accounted for as a pooling-of-interests.

OPTION GRANT. Under the Option Agreement, the Company has granted to Parent an unconditional, irrevocable option (the "OPTION") to purchase up to 1,291,873 fully paid and nonassessable shares of Company Common Stock, at a price of $21.00 per share, or, if higher, the highest price offered by Purchaser in the Offer; PROVIDED THAT, in no event shall the number of Shares for which the Option is exercisable exceed 19.9% of the Company's issued and outstanding shares of Company Common Stock without giving effect to any shares subject to or issued pursuant to the option.

In the event that any additional shares of Company Common Stock are issued or otherwise become outstanding after the date of the Option Agreement (other than pursuant to the Option Agreement), the

number of shares subject to the Option shall be increased so that, after such issuance, it equals 19.9% of the number of shares then issued and outstanding without giving effect to any shares subject to or issued pursuant to the Option.

OPTION EXERCISE. Parent may exercise the Option only if both an Initial Triggering Event (as hereinafter defined) and a Subsequent Triggering Event (as hereinafter defined) shall have occurred prior to the occurrence of an Exercise Termination Event (as hereinafter defined). Each of the following shall be an "EXERCISE TERMINATION EVENT": (i) the effective time of the Merger; (ii) termination of the Merger Agreement in accordance with the provisions thereof if such termination occurs prior to the occurrence of an Initial Triggering Event, except a termination by Parent pursuant paragraph(d)(i) under "The Merger Agreement -- Termination," above; or (iii) the passage of six months after termination of the Merger Agreement if such termination follows the occurrence of an Initial Triggering Event or is a termination by Parent pursuant to the aforementioned paragraph (d)(i) (PROVIDED THAT if an Initial Triggering Event continues or occurs beyond such termination and prior to the passage of such six-month period, the Exercise Termination Event shall be three months from the expiration of the Last Triggering Event but in no event more than nine months after such termination). The "LAST TRIGGERING EVENT" shall mean the last Initial Triggering Event to expire.

The term "INITIAL TRIGGERING EVENT" shall mean any of the following events or transactions occurring after the date of the Option Agreement:

(i) the Company or any of its subsidiaries, without having received

Parent's prior written consent, shall have entered into an agreement to engage in an Acquisition Transaction (as defined under "The Merger Agreement" above) with any person other than Parent or any of its subsidiaries or the Board of Directors of the Company shall have recommended that the Company's shareholders approve or accept any Acquisition Transaction or shall have failed to publicly oppose an Acquisition Transaction, in each case with any person other than Parent or any of its subsidiaries;

(ii) the Company or any of its subsidiaries, without having received Parent's prior written consent, shall have authorized, recommended, proposed or publicly announced its intention to authorize, recommend or propose to engage in, an Acquisition Transaction with any person other than Parent or one of its subsidiaries, or the Board of Directors of the Company shall have publicly withdrawn or modified, or publicly announced its intention to withdraw or modify, in any manner adverse to Parent, its recommendation that the Company's shareholders approve the transactions contemplated by the Merger Agreement;

(iii) the Company terminates the Merger Agreement pursuant to paragraph (h) under "The Merger Agreement -- Termination";

(iv) any person other than Parent, any subsidiary of Parent or any subsidiary of the Company acting in a fiduciary capacity in the ordinary course of its business shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of Company Common Stock (the term "beneficial ownership" for purposes of this Option Agreement having the meaning assigned thereto in Section 13(d) of the 1934 Act, and the rules and regulations thereunder); or

(v) after an overture is made by a third party to the Company or its shareholders to engage in an Acquisition Transaction, the Company shall have breached any covenant or obligation contained in the Merger Agreement and such breach (x) would entitle Parent to terminate the Merger Agreement and (y) shall not have been cured prior to the date the Parent sends written notice to the Company of its wish to exercise the Option.

The term "SUBSEQUENT TRIGGERING EVENT" shall mean either of the following events or transactions occurring after the date hereof:

(i) the acquisition by any person of beneficial ownership of 20% or more of the then outstanding shares of Common Stock; or

(ii) the occurrence of the Initial Triggering Event described in clause (i) of the paragraph above defining the term "Initial Triggering Event."

REGISTRATION RIGHTS. The Option Agreement further provides that, upon the occurrence of a Subsequent Triggering Event that occurs prior to an Exercise Termination Event, the Company shall, if requested by Parent within twelve months following such date, as expeditiously as possible prepare and file a registration statement under the Securities Act of 1933, as amended, if such registration is necessary in order to permit the sale or other disposition of any or all shares of Company Common Stock or other securities that have been acquired by or are issuable to Parent upon exercise of the Option, provided that Parent agrees in writing, at the time of its request for registration, to irrevocably exercise the Option immediately following the effectiveness of the registration statement covering the shares of Common Stock issuable upon exercise of the Option (or such earlier time as required by the SEC). The Option Agreement also provides the Parent with "piggy-back" registration rights if the Company, at any time after the exercise of the Option and prior to the first anniversary of the date of the Subsequent Triggering Event, proposes to register any Company securities or rights representing Company securities.

APPRAISAL RIGHTS

No appraisal rights to seek to obtain the "fair value" of their Shares are available to shareholders of the Company in connection with the Offer. However, if the Merger is consummated, a shareholder of the Company who has not tendered his shares will have certain rights under Chapter 156B of the MGL to dissent from the Merger, demand appraisal of and obtain payment in cash for the fair value of that shareholder's Shares. Those rights, if the statutory procedures set forth in Sections 85 to 98 of Chapter 156B of the MGL are complied with, could lead to a judicial determination of the fair value (immediately prior to the effective date of the Merger) required to be paid in cash to dissenting shareholders of the Company for their Shares. Any judicial determination of the fair value of the Shares could be based upon considerations other than or in addition to the consideration payable in the Merger and the market value of the Shares, including asset values and the investment value of the Shares. The value so determined could be more or less than the consideration payable in the

Merger.

The Merger Agreement provides that, notwithstanding any provision of the Merger Agreement to the contrary, any Shares which are issued and outstanding immediately prior to the Effective Time and which are held by a holder who has not voted such Shares in favor of the Merger and who has properly exercised dissenters' rights with respect to such Shares in accordance with Chapter 156B of the MGL and, as of the Effective Time, has neither effectively withdrawn nor otherwise lost for any reason its right to exercise such dissenters' rights ("DISSENTING SHARES"), will not be converted into or represent a right to receive the consideration payable in the Merger. The holders of Dissenting Shares will be entitled to only such rights as are granted by Chapter 156B of the MGL.

The Merger Agreement further provides that if any shareholder of the Company who asserts dissenters' rights with respect to its Shares under the MGL effectively withdraws or otherwise loses for any reason (including failure to perfect) dissenters' rights, then as of the Effective Time or the occurrence of such event, whichever later occurs, such holder's Shares will automatically be cancelled and converted into and represent only the right to receive the consideration payable in the Merger, without interest thereon, upon surrender of the certificate or certificates formerly representing such Dissenting Shares.

The Merger Agreement further provides that the Company shall give Parent (x) prompt notice of any written intent to demand payment of the fair value of any Shares, withdrawals of such demands and any other instruments delivered pursuant to the MGL in respect of Shares or the Merger received by the Company and (y) the opportunity to control and resolve all negotiations and proceedings with respect to dissenters' rights under the MGL. The Company may not voluntarily make any payment with respect to any exercise of dissenters' rights and may not, except with the prior written consent of Parent, settle or offer to settle any such dissenters' rights.

The foregoing discussion is not a complete statement of law pertaining to appraisal rights under the MGL and is qualified in its entirety by the full text of Sections 85 to 98 of Chapter 156B of the MGL.

FAILURE TO FOLLOW THE STEPS REQUIRED BY CHAPTER 156B OF THE MGL FOR PERFECTING APPRAISAL RIGHTS MAY RESULT IN THE LOSS OF SUCH RIGHTS.

GOING-PRIVATE TRANSACTIONS

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 unless the Merger is consummated more than one year after the termination of the Offer. If applicable, Rule 13e-3 requires, among other things, that certain financial information concerning the fairness of the Merger and the consideration offered to minority shareholders in the Merger be filed with the SEC and disclosed to shareholders prior to the consummation of the Merger.

14. DIVIDENDS AND DISTRIBUTIONS

As discussed in Section 13, the Merger Agreement provides that from the date of the Merger Agreement to the Effective Time, without the prior approval of Parent, the Company may not declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock except for cash dividends payable to the Company or a subsidiary of Company by a subsidiary of the Company.

15. CERTAIN CONDITIONS OF THE OFFER

Notwithstanding any other term of the Offer or the Merger Agreement, Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Purchaser's obligation to pay for or return tendered Shares promptly after the termination or withdrawal of the Offer), to pay for any Shares tendered pursuant to the Offer and may postpone the acceptance for payment or payment for any Shares tendered, and, when permitted by the Merger Agreement, amend or terminate the Offer unless (i) there shall have been validly tendered and not withdrawn prior to the expiration of the Offer that number of Common Shares, together with Common Shares owned by Parent or Purchaser, which would represent at least a majority of the outstanding Common Stock (determined on a fully diluted basis for all outstanding stock options, convertible securities and any other rights to acquire Company Common Stock on the date of purchase, and (ii) any requisite waiting period under the HSR Act (and any extension thereof) applicable to the purchase of Shares pursuant to the Offer or to the Merger and any other requisite waiting periods under any other applicable material competition, merger, control, antitrust or similar law or regulation shall have been terminated or shall have expired. Furthermore, notwithstanding any other term of the Offer or the Merger Agreement, Purchaser shall not be

required to accept for payment or, subject as aforesaid, to pay for any Shares not theretofore accepted for payment or paid for, and, subject to the Merger Agreement, may terminate or amend the Offer, immediately prior to the applicable expiration of the Offer, if any of the following conditions exists:

(a) there shall be pending or formally threatened any suit, action or proceeding by any Governmental Entity (i) challenging the acquisition by Parent or Purchaser of any Shares, seeking to restrain or prohibit consummation of the Offer or the Merger, or seeking to place limitations on the ownership of shares of Common Stock (or shares of common stock of the surviving corporation) by Parent or Purchaser, (ii) seeking to prohibit or limit the ownership or operation by the Company or Parent and their respective subsidiaries of any material portion of the business or assets of the Company or Parent and their respective subsidiaries taken as a whole, or to compel the Company or Parent and their respective subsidiaries to dispose of or hold separate any material portion of the business or assets of the Company or Parent and their respective subsidiaries taken as a whole, as a result of the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement, (iii) seeking to prohibit Parent or any of its subsidiaries from effectively controlling in any material respect the business or operations of the Company or Parent and subsidiaries taken as a whole, or (iv) which otherwise is reasonably expected to have a material adverse effect;

(b) any Legal Restraint, as defined in the Merger Agreement, that has the effect of preventing the purchase of Shares pursuant to the Offer or the Merger shall be in effect;

(c) except as set forth in the Disclosure Letter or in forms, reports and other documents filed by the Company with the Commission, since September 30, 2000, there shall have been any state of facts, change, development, effect, event, condition or occurrence that, individually or in the

aggregate, constitutes or would reasonably be expected to have, a Material Adverse Effect as defined in the Merger Agreement;

(d) the representation and warranty of the Company concerning its capitalization contained in the Merger Agreement shall not be true and correct in all material respects, or the other representations and warranties of the Company contained in the Merger Agreement shall not be true and correct, except for such failures to be true and correct that (without giving effect, with respect to those representations and warranties that are not true and correct, to any limitation as to "materiality" or material adverse effect set forth therein), individually and in the aggregate, would not reasonably be expected to have a material adverse effect;

(e) the Company shall have failed to perform in any respect any obligation required to be performed by it under the Merger Agreement at or prior to the Termination Date, which failure would reasonably be expected to have a material adverse effect;

(f) Parent shall not have obtained all consents, approvals, authorizations, qualifications and orders of all Governmental Entities legally required in connection with the Merger Agreement and the transactions contemplated thereby, other than any such consents, approvals, authorizations, qualifications and orders, the failure of which to obtain, individually and in the aggregate, would not reasonably be expected to have a material adverse effect; provided, however, that the failure to obtain such consents, approvals, authorizations, qualifications or orders is not the result of a breach by Parent or Purchaser of any of their covenants and other obligations set forth in the Merger Agreement;

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

(h) the Company Board shall have (A) withdrawn or modified or changed, in any manner adverse to Parent or Purchaser, its recommendation to Company shareholders to accept the Offer and tender the Shares, (B) accepted, approved or recommended any Acquisition Proposal, or (C) resolved or publicly disclosed any intention to do any of the foregoing; or

(i) there shall have occurred (A) any general suspension of trading in or on the Nasdaq National Market (other than a shortening of trading hours or any coordinated trading halt triggered solely as a result of a specified increase or decrease in a market index), (B) a decline of at least 30% (determined for any particular day as of the close of business for such day) in either the Dow Jones Average of Industrial Stocks or the Standard & Poor's 500 Index from the date hereof, (C) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United

States, (D) the imposition of any limitation (whether or not mandatory) by any government or Governmental Entity, on the extension of credit by banks or other lending institutions, (E) a commencement of a war or armed hostilities or any other national or international calamity directly involving the United States or (F) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof;

which, in the sole discretion of Purchaser or Parent, in any such case, and regardless of the circumstances giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

16. CERTAIN LEGAL MATTERS

Except as described in this Section 16, based on a review of publicly available filings made by the Company with the Commission and other publicly available information concerning the Company and discussions of representatives of Parent with representatives of the Company, none of Parent, the Purchaser or the Company 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 (and the indirect acquisition of the stock of the Company's subsidiaries) as contemplated herein or of any approval or other action by any Governmental Entity that would be required or desirable for the acquisition or ownership of Shares by the Purchaser as contemplated herein. Should any such approval or other action be required or desirable, Parent and the Purchaser currently contemplate that such approval or other action will be sought, except as described below under "State Takeover Laws". While (except as otherwise expressly described in this Section 16)

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 if 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, subject to the terms and conditions of the Merger Agreement, decline to accept for payment or pay for any Shares tendered. See Section 15 for a description of certain conditions to the Offer.

STATE TAKEOVER LAWS. A number of states throughout 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, those laws 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. Subsequently, a number of U.S. federal courts ruled that various state takeover statutes were unconstitutional insofar as they apply to corporations incorporated outside the state of enactment.

The Company is incorporated under the laws of the Commonwealth of Massachusetts, which has certain "antitakeover" laws.

Chapter 110F of the MGL limits the ability of a Massachusetts corporation to engage in business combinations with "interested stockholders" (defined generally as any beneficial owner of five percent or more of the outstanding voting stock of the corporation) unless, among other things, the corporation's board of directors has given its prior approval to either the business combination or the transaction which resulted in the stockholder becoming an "interested stockholder." The Company's Board of Directors has approved the Merger Agreement and the Purchaser's acquisition of Shares pursuant to the Offer and, therefore, Chapter 110F of the MGL is inapplicable to the Offer and the Merger.

Under Chapter 110D of the MGL, entitled "Regulation of Control Shares Acquisitions," unless a Corporation's articles of incorporation provide that such Chapter is not applicable to the corporation, any stockholder of a corporation subject to this statute who acquires 20% or more of the outstanding voting stock of a Massachusetts corporation may not vote such stock unless the stockholders holding a majority of the outstanding voting stock (excluding the interested shares) of the corporation so authorize. Chapter 110D of the MGL is

inapplicable to the Company because the Company opted-out of Chapter 110D in accordance with the provisions thereof.

Based on information supplied by the Company, the Purchaser does not believe that any state takeover statutes purport to apply to the Offer or the Merger. Neither the Purchaser nor Parent has currently complied with any 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 if 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 obliged to accept for payment or pay for any Shares tendered pursuant to the Offer.

ANTITRUST LAW. Under the provisions of the HSR Act applicable to the Offer, the acquisition of Shares under the Offer may be consummated after the expiration of a 30-calendar day waiting period

commenced by the filing by Parent of a Notification and Report Form with respect to the Offer, unless Parent receives a request for additional information or documentary material from the Antitrust Division of the Department of Justice or the Federal Trade Commission (the "FTC"), or unless early termination of such waiting period is granted. Parent has filed such Notification Report Form. If, within the initial 30-day waiting period, either the Antitrust Division or the FTC requests additional information from Parent concerning the Offer, the waiting period will be extended and would expire at 11:59 p.m., New York City time, on the tenth calendar day after the date of 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. Expiration or termination of the applicable waiting period under the HSR Act is a condition to the Purchaser's obligation to accept for payment and pay for Shares tendered pursuant to the Offer.

The Merger will not require an additional filing under the HSR Act if the Purchaser owns 50% or more of the outstanding Shares at the time of the Merger or if the Merger occurs within one year after the HSR Act waiting period applicable to the Offer expires or is terminated.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the Purchaser's proposed acquisition of the Company. At any time before or after the Purchaser's acquisition of Shares pursuant to the Offer, 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 purchase of Shares pursuant to the Offer or the consummation of the Merger or seeking the divestiture of Shares acquired by the Purchaser or the divestiture of substantial assets of the Company or its subsidiaries or Parent or its subsidiaries. Private parties may also bring legal action under the antitrust laws under certain circumstances. There can be no assurance that a challenge to the Offer on antitrust grounds will not be made or, if such a challenge is made, of the result thereof.

FOREIGN ANTITRUST LAWS. The Purchaser believes that notices of the acquisition of the Company will have to be filed under the laws of several foreign jurisdictions. There can be no assurance that a challenge to the Offer under these foreign laws on competition or other grounds will not be made or, if such a challenge is made, of the result thereof.

17. FEES AND EXPENSES

Merrill Lynch is acting as Dealer Manager for the Offer and is providing certain financial advisory services to Parent and the Purchaser in connection with the Offer, for which services Merrill Lynch will receive customary compensation. Parent also has agreed to reimburse Merrill Lynch for reasonable out-of-pocket expenses, including fees and expenses of its legal counsel, and to indemnify Merrill Lynch and certain related parties against certain liabilities, including liabilities under the federal securities laws, arising out of its engagement. In the ordinary course of business, Merrill Lynch and its affiliates may actively trade or hold the securities of Parent and the Company for their

own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Parent and the Purchaser have retained MacKenzie Partners, Inc. to act as the Information Agent and EquiServe, L.P., to serve as the Depositary in connection with the Offer. The Information Agent and the Depositary each will receive reasonable and customary compensation for their services, be reimbursed for certain reasonable out-of-pocket expenses and be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities and expenses under the U.S. federal securities laws.

Neither Parent nor the Purchaser will pay any fees or commissions to any broker or dealer or other person (other than the Dealer Manager, the Information Agent and the Depositary) in connection with the solicitation of tenders of Shares pursuant to the Offer. Brokers, dealers, banks, trust companies and other members will be reimbursed by the Purchaser upon request for customary mailing and handling expenses incurred by them in forwarding material to their customers.

18. MISCELLANEOUS

The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. Neither Parent nor the Purchaser is aware of any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. To the extent Parent or the Purchaser becomes aware of any state law that would limit the class of offerees in the Offer, the Purchaser will amend the Offer and, depending on the timing of such amendment, if any, will extend the Offer to provide adequate dissemination of such information to holders of Shares prior to the expiration of the Offer. In any jurisdiction the securities, blue sky or other laws of which require the Offer to be made by a licensed broker or dealer, the Offer is being made on behalf of the Purchaser by the Dealer Manager or 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.

Parent and the Purchaser have filed with the Commission the Schedule TO pursuant to Rule 14d-3 under the Exchange Act, together with exhibits, furnishing certain additional information with respect to the Offer, and may file amendments thereto. In addition, the Company has filed the Schedule 14D-9 pursuant to Rule 14d-9 under the Exchange Act, together with exhibits, setting forth its recommendation with respect to the Offer and the reasons for such recommendation and furnishing certain additional related information. Such Schedules and any amendments thereto, including exhibits, should be available for inspection and copies should be obtainable in the manner set forth in Section 8 (except that such material will not be available at the regional offices of the Commission).

EQUINOX ACQUISITION, INC.

November 17, 2000

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS OF
PARENT AND THE PURCHASER

1. DIRECTORS AND EXECUTIVE OFFICERS OF PARENT. The name, present principal occupation or employment and material occupations, positions, offices or employment for the past five years of each of the directors and executive officers of Parent are set forth below. Unless otherwise indicated, each person's business address is that of the Parent. Each such director and executive officer is a citizen of the United States.

NAME AND BUSINESS ADDRESS	POSITION WITH PARENT; PRESENT OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS.
Livio D. DeSimone	Chairman of the Board and Chief Executive Officer

	since 1991. Mr. De Simone is also a Director of Cargill, Incorporated, General Mills, Inc., Target Corp., Vulcan Materials Company and Milliken & Company.
Linda G. Alvarado 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 2000; President and Chief Executive Officer, Alvarado Construction, Inc., a commercial general contracting firm that she founded in 1976. Ms. Alvarado is also a director of Engelhard Corporation, Pitney Bowes, Inc., and Pepsi Bottling Group, Inc.
Harry C. Andrews	Executive Vice President, Electro and Communications Markets since September 1999; Vice President, Corporate Enterprise Development, October 1996; Managing Director, Southern Europe Region, May 1996; Managing Director, 3M Italy, June 1993.
Ronald O. Baukol	Director of Parent since 1996-Executive Vice President, International Operations since 1995. Vice President, Asia Pacific, Canada and Latin America, 1994-1995. Mr. Baukol is also a Director of Graco, Inc., and The Toro Company.
Ronald R. Belschner	Vice President, Engineering, Manufacturing and Logistics since November 2000; Division Vice President, Industrial Tape and Specialties Division, April 1995.
John W. Benson	Executive Vice President, Health Care Markets since January 1998; Group Vice President, Industrial Markets Group, January 1996; Division Vice President, Abrasive System Division, March 1995; Group Vice President, Abrasive, Chemical and Film Products Group, August 1995.
Edward A. Brennan 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 1986; retired (1995) Chairman of the Board, President, and Chief Executive Officer, Sears, Roebuck and Co; Mr. Brennan is also a director of The Allstate Corporation, Morgan Stanley Dean Witter & Co., AMR Corporation, Unicom Corporation, Dean Foods Company, and The SABRE Group Holdings, Inc.
Robert J. Burgstahler	Vice President, Finance and Administrative Services since February 2000; President and General Manager, 3M Canada Company, March 1998; Staff Vice President, Taxes, May 1995; Executive Director, Taxes, January 1994.
M. Kay Grenz	Vice President, Human Resources since March 1998; Staff Vice President, Human Resources Consulting and Resource Services, August 1996; Staff Vice President, Human Resources Corporate Services, November 1992.
Paul Guehler	Vice President, Research and Development since June 2000; Vice President, Corporate Enterprise Development and Optical Technologies, October 1999; Optical Markets and Technologies Vice President, March 1998; Division Vice President, Safety and Security Systems Division, February 1992.

NAME AND BUSINESS ADDRESS	POSITION WITH PARENT; PRESENT OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS.
Edward M. Liddy 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 2000; Chairman, President and Chief Executive Officer of The Allstate Corporation, the parent of Allstate Insurance Company. Prior to this Mr. Liddy served as President and Chief Operating Officer from 1994 to 1998. Mr. Liddy is also a director of Kroger Co.
Moe S. Nozari	Executive Vice President, Consumer and Office Markets since June 1999; Group Vice President, Consumer and Office Market Group, May 1996; Division Vice President, Consumer Markets, October

	1993.
Aulana L. Peters 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 1990; Partner, Gibson, Dunn & Crutcher LLP, a law firm, Los Angeles, California. Ms. Peters is also a director of Merrill Lynch & Co., Inc., Northrop Grumman Corp., and Callaway Golf Company.
David W. Powell	Vice President, Marketing since June 1999; Division Vice President, Commercial Office Supply Division, July 1996; Managing Director, 3M France, February 1995.
Charles Reich	Executive Vice President, Specialty Material Markets and Corporate Services since September 1999; Group Vice President, Specialty Material Markets Group, January 1999; Group Vice President, Chemical Markets Group, March 1998; Division Vice President, Occupational Health and Environmental Safety Division, July 1997; Division Vice President, Dental Products Division, April 1990.
Rozanne L. Ridgway 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 1989; former Assistant Secretary of State for Europe and Canada; Member of the Board Organization and Compensation Committee; Ms. Ridgway served from 1985 until her retirement in 1989 as Assistant Secretary of State for European and Canadian Affairs. Ms. Ridgway is a director of Bell Atlantic Corporation, The Boeing Company, Emerson Electric Co., Nabisco, Sara Lee Corporation, and Union Carbide Corporation. Ms. Ridgway is also chair of the Baltic-American Enterprise Fund.
Frank Shrontz 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 1992; Chairman Emeritus, The Boeing Company; Chief Executive Officer of Boeing from 1986 and Chairman of the Board from 1988 until his retirement in 1997. Mr. Shrontz is a director of Boise Cascade Corporation and Chevron Corporation, and a citizen regent on the Smithsonian Institution's Board of Regents. Mr. Shrontz is also a member of the Business Council.
F. Alan Smith 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director of Parent since 1986; Chairman of Advanced Accessory Systems, Inc.; Chairman of Mackie Automotive System; Retired Executive Vice President and Director, General Motors Corporation; Chairman of the Audit Committee and Member of the Public Issues Committee. Mr. Smith was a director of General Motors from 1981 until his retirement in 1992. Mr. Smith is a director of TransPro, Inc., and a trustee of the Florida Institute of Technology.

NAME AND BUSINESS ADDRESS	POSITION WITH PARENT; PRESENT OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS.
Louis W. Sullivan	Director of Parent since 1993; President, Morehouse School of Medicine, Atlanta, Georgia; Dr. Sullivan is a member of the Audit and Public Issues Committees; Dr. Sullivan served as Secretary, United States Department of Health and Human Services, from 1989 to 1993. He returned to Morehouse School of Medicine in 1993. Dr. Sullivan is a director of Bristol-Myers Squibb Company, CIGNA Corporation, Equifax, Inc., General Motors Corporation, Georgia-Pacific Corporation, and Household International. Dr. Sullivan is also a director of the Boy Scouts of American and a trustee of the Little League Foundation.
John J. Ursu	Senior Vice President, Legal Affairs and General Counsel since 1997;Vice President, Legal Affairs and General Counsel in 1993.
Ronald A. Weber	Executive Vice President, Transportation, Graphics and Safety Markets since 2000; Division Vice President, Automotive Division in 1996; Division Vice President, Automotive Engineered Systems in

	1995.
Harold J. Wiens	Executive Vice President, Industrial Markets since September 1999; Executive Vice President, Industrial and Electro Markets, June 1999; Executive Vice President, Industrial and Consumer Markets, July 1998; Group Vice President, Industrial Markets Group, January 1998; Executive Vice President, Sumitomo 3M Ltd. May 1995.

2. DIRECTOR AND EXECUTIVE OFFICERS OF THE PURCHASER. The name, business address, present principal occupation or employment and material occupations, positions, offices or employment for the past five years of the sole director and executive officers of the Purchaser are set forth below. Each such director and executive officer is a citizen of the United States.

NAME	POSITION WITH PARENT; PRESENT OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS.
Ronald A. Weber 3M P.O. Box 33428 St. Paul, MN 55133-3428	President and Director; Executive Vice President, Transportation, Graphics and Safety Markets of 3M since 2000; Division Vice President, Automotive Division in 1996; Division Vice President, Automotive Engineered Systems in 1995.
Andrew H. Wong 3M P.O. Box 33428 St. Paul, MN 55133-3428	Director; Division Vice President, Optical Systems Division of 3M since October 1999; General Manager, Optical Systems Division, March 1998; Business Department Manager, Optical Systems, Safety and Security Systems Division, 1996; Business Project Manager, Optical Systems, Safety and Security Systems Division, 1994.
Peggy Kubicz Hall 3M P.O. Box 33428 St. Paul, MN 55133-3428	Clerk and Director; Senior Counsel of 3M.
Janet L. Yeomans 3M P.O. Box 33428 St. Paul, MN 55133-3428	Treasurer; Vice President and Treasurer of 3M since April 1996; Treasurer of 3M, July 1995.

Manually signed facsimile copies of the Letter of Transmittal 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 such shareholder's broker, dealer, bank, trust company or other nominee to the Depositary at one of its addresses set forth below

THE DEPOSITARY FOR THE OFFER IS:

EQUISERVE, L.P.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and locations listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery or any other tender offer materials may be obtained from the Information Agent. You may also contact your broker, dealer, bank, trust company or other nominee for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

<TABLE>
<CAPTION>

BY MAIL:	BY HAND:	BY COURIER:
<S>	<C>	<C>
EquiServe Trust Company, N.A. Attn: Corporate Actions P.O. Box 8029 Boston, Massachusetts 02266	Securities Transfer and Reporting Services, Inc. c/o EquiServe Trust Company, N.A. 100 William Street, Galleria New York, New York 10038	EquiServe Trust Company, N.A. Attn: Corporate Actions 150 Royale Street Canton, Massachusetts 02021

</TABLE>

BY FACSIMILE TRANSMISSION:
(For Eligible Institutions only)
(781)575-2233

CONFIRM FACSIMILE TRANSMISSION:
By telephone only
(781)575-3120

MACKENZIE
PARTNERS, INC.

156 Fifth Avenue
New York, New York 10010
(212) 929-5500 (call collect)
or
CALL TOLL FREE (800) 322-2885

THE DEALER MANAGER FOR THE OFFER IS:

MERRILL LYNCH & CO.

4 World Financial Center
New York, New York 10080
(212) 236-3790 (call collect)

EXHIBIT (a)(1)(B)

LETTER OF TRANSMITTAL
TO TENDER
SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)

MICROTOUCH SYSTEMS, INC.
PURSUANT TO THE OFFER TO PURCHASE
DATED NOVEMBER 17, 2000
BY

EQUINOX ACQUISITION, INC.,
A WHOLLY OWNED SUBSIDIARY OF
MINNESOTA MINING AND MANUFACTURING COMPANY

- ---

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON JANUARY 3, 2001, UNLESS THE OFFER IS EXTENDED.

- ---

THE DEPOSITARY FOR THE OFFER IS

EQUISERVE, L.P.

<TABLE>
<CAPTION>

BY MAIL:	BY HAND:	BY COURIER:
<S>	<C>	<C>
EquiServe Trust Company, N.A. Attn: Corporate Actions P.O. Box 8029 Boston, Massachusetts 02266	Securities Transfer and Reporting Services, Inc. c/o EquiServe Trust Company, N.A. 100 William Street, Galleria New York, New York 10038	EquiServe Trust Company, N.A. Attn: Corporate Actions 150 Royale Street Canton, Massachusetts 02021

</TABLE>

BY FACSIMILE TRANSMISSION:
(For Eligible Institutions only)
(781)575-2233

CONFIRM FACSIMILE TRANSMISSION:
By telephone only
(781)575-3120

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER, OTHER THAN AS SET FORTH ABOVE, DOES NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS SET FORTH IN THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

<TABLE>
<CAPTION>

DESCRIPTION OF SHARES TENDERED		
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank, exactly as name(s) appear(s) on Share Certificate(s)	Share Certificate Number(s)*	Total Number of Shares Represented by Share Certificate(s)*	Shares Tendered (Attach additional signed list if necessary) Number of Shares Tendered**
<S>	<C>		

</TABLE>

Total Shares			

</TABLE>

*Need not be completed if transfer is made by book-entry transfer.

**Unless otherwise indicated, it will be assumed that all Shares described above are being tendered. See Instruction 4. IF ANY OF THE CERTIFICATES REPRESENTING SHARES THAT YOU OWN HAVE BEEN LOST OR DESTROYED SEE INSTRUCTION 11.

This Letter of Transmittal is to be used either if certificates are to be forwarded herewith or, unless an Agent's Message (as defined in Section 2 of the Offer to Purchase (as defined below)) is utilized, if delivery of Common Stock, $0.01 par value per share, including associated preferred stock purchase rights (the "Shares") is to be made by book-entry transfer to an account maintained by the Depositary at the Book-Entry Transfer Facility (as defined in and pursuant to the procedures set forth in Section 2 of the Offer to Purchase). Shareholders whose certificates for Shares are not immediately available or who cannot deliver either the certificates for, or a Book-Entry Confirmation (as defined in the Offer to Purchase) with respect to, their Shares and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in the Offer to Purchase) must tender their Shares in accordance with the guaranteed delivery procedures set forth in Section 2 of the Offer to Purchase. See Instruction 2. Delivery of documents to a Book-Entry Transfer Facility does not constitute delivery to the Depositary.

[ ] CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING (ONLY PARTICIPANTS IN THE BOOK-ENTRY TRANSFER FACILITY MAY DELIVER SHARES BY BOOK-ENTRY TRANSFER):

Name of Tendering Institution _____

Account Number _____

Transaction Code Number _____

[ ] CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY, ENCLOSE A PHOTOCOPY OF SUCH NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Owner(s) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution that Guaranteed Delivery _____

If delivered by book-entry transfer check box:

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Equinox Acquisition, Inc., a Massachusetts corporation (the "Purchaser") and a wholly owned subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation ("Parent"), the above-described shares of Common Stock, par value $0.01 per share, including associated preferred stock purchase rights (the "Shares"), of MicroTouch

Systems, Inc., a Massachusetts corporation (the "Company"), together with the associated rights (the "Rights") to purchase shares of Series A Junior Participating Preferred Stock, par value $0.01 per share, issued pursuant to the Rights Agreement dated as of January 19, 1996, between the Company and The First National Bank of Boston (the "Rights Agreement"), upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase dated November 17, 2000 (the "Offer to Purchase"), and this Letter of Transmittal (which, together with any amendments or supplements thereto or hereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged.

Upon the terms of the Offer, subject to, and effective upon, acceptance for payment of, and payment for, the Shares tendered herewith in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Purchaser all right, title and interest in and to all the Shares that are being tendered hereby (and any and all other Shares or other securities or rights issued in respect thereof on or after November 17, 2000) and irrevocably constitutes and appoints EquiServe, L.P. (the "Depositary"), the true and lawful agent and attorney-in-fact of the undersigned, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to the full extent of the undersigned's rights with respect to such Shares (and any such other Shares or securities or rights) (a) to deliver certificates for such Shares (and any such other Shares or securities or rights) or transfer ownership of such Shares (and any such other Shares or securities or rights) on the account books maintained by the Book-Entry Transfer Facility together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Purchaser, (b) to present such Shares (and any such other Shares or securities or rights) for transfer on the Company's books and (c) to receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and any such other Shares or securities or rights), all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the tendered Shares (and any and all other Shares or other securities or rights issued or issuable in respect of such Shares on or after November 17, 2000) and, when the same are accepted for payment by the Purchaser, the Purchaser will acquire good title thereto, free and clear of all liens, restrictions, claims and encumbrances and the same will not be subject to any adverse claim. The undersigned will, upon request, execute any additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the tendered Shares (and any such other Shares or other securities or rights).

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned hereby irrevocably appoints Peggy Kubicz Hall, Ronald A. Weber and Andrew H. Wong, and each of them, and any other designees of the Purchaser, the attorneys-in-fact and proxies of the undersigned, each with full power of substitution, to vote at any annual, special or adjourned meeting of the Company's shareholders or otherwise in such manner as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, and to otherwise act as each such attorney-in-fact and proxy or his or her substitute shall in his sole discretion deem proper with respect to, the Shares tendered hereby that have been accepted for payment by the Purchaser prior to the time any such action is taken and with respect to which the undersigned is entitled to vote (and any and all other Shares or

other securities or rights issued or issuable in respect of such Shares on or after November 17, 2000). This appointment is effective when, and only to the extent that, the Purchaser accepts for payment such Shares as provided in the Offer to Purchase. This power of attorney and proxy are irrevocable and are granted in consideration of the acceptance for payment of such Shares in accordance with the terms of the Offer. Upon such acceptance for payment, all prior powers of attorney, proxies and consents given by the undersigned with respect to such Shares (and any such other Shares or securities or rights) will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given (and, if given, will not be deemed effective) by the undersigned.

The undersigned understands that the valid tender of Shares pursuant to any of the procedures described in Section 2 of the Offer to Purchase and in the Instructions hereto will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated herein under "Special Payment Instructions", please issue the check for the purchase price and/or return any certificates for Shares not tendered or accepted for payment in the name(s) of the registered holder(s) appearing under "Description of Shares Tendered". Similarly, unless otherwise indicated under "Special Delivery Instructions", please mail the check for the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under "Description of Shares Tendered". In the event that both the "Special Delivery Instructions" and the "Special Payment Instructions" are completed, please issue the check for the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name of, and deliver such check and/or return such certificates (and any accompanying documents, as appropriate) to, the person or persons so indicated. Please credit any Shares tendered herewith by book-entry transfer that are not accepted for payment by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that the Purchaser has no obligation pursuant to the "Special Payment Instructions" to transfer any Shares from the name of the registered holder thereof if the Purchaser does not accept for payment any of the Shares so tendered.

[ ] CHECK HERE IF ANY OF THE CERTIFICATES REPRESENTING SHARES THAT YOU OWN HAVE BEEN LOST OR DESTROYED AND SEE INSTRUCTION 11.

NUMBER, CLASS AND SERIES OF SHARES REPRESENTED BY THE LOST OR DESTROYED CERTIFICATES: _____

SPECIAL PAYMENT INSTRUCTIONS (SEE INSTRUCTIONS 1, 5, 6 AND 7)	SPECIAL PAYMENT INSTRUCTIONS (SEE INSTRUCTIONS 1, 5, 6 AND 7)
To be completed ONLY if certificates for Shares not tendered or not accepted for payment and/or the check for the purchase price of Shares accepted for payment are to be issued in the name of someone other than the undersigned.	To be completed ONLY if certificates for Shares not tendered or not accepted for payment and/or the check for the purchase price of Shares accepted for payment is to be sent to someone other than the undersigned or to the undersigned at an address other than that above.
Issue [ ] Check [ ] Certificate(s) to:	Issue [ ] Check [ ] Certificate(s) to:
Name _____ (PLEASE PRINT)	Name _____ (PLEASE PRINT)
Address _____	Address _____
_____ (INCLUDE ZIP CODE)	_____ (INCLUDE ZIP CODE)
_____ (EMPLOYER IDENTIFICATION OR SOCIAL SECURITY NUMBER)	_____ (EMPLOYER IDENTIFICATION OR SOCIAL SECURITY NUMBER)

SIGN HERE
(ALSO COMPLETE SUBSTITUTE FORM W-9 BELOW)

_____

_____
(SIGNATURE(S) OF SHAREHOLDER(S))

Dated: _____ 2000

(Must be signed by registered holder(s) as name(s) appear(s) on the certificate(s) for the Shares or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name(s) _____

_____
(PLEASE PRINT)

Capacity (full title) _____

Address _____

_____
(INCLUDE ZIP CODE)

Daytime Area Code and Telephone Number _____

Taxpayer Identification or
Social Security Number _____
(SEE SUBSTITUTE FORM W-9)

GUARANTEE OF SIGNATURE(S)
(IF REQUIRED -- SEE INSTRUCTIONS 1 AND 5)

Authorized Signature _____

Name _____
(PLEASE PRINT)

Title _____

Name of Firm _____

Address _____
(INCLUDE ZIP CODE)

Daytime Area Code and Telephone Number _____

Dated: _____ 2000

- ---

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee is required on this Letter of Transmittal (a) if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Instruction, includes any participant in the Book-Entry Transfer Facilities' system whose name appears on a security position listing as the owner of the Shares) of Shares tendered herewith, unless such registered holder(s) has completed either the box

entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on this Letter of Transmittal or (b) if such Shares are tendered for the account of a firm that is a participant in the Security Transfer Agents Medallion Program or the New York Stock Exchange Guarantee Program or the Stock Exchange Medallion Program or by any other "eligible guarantor institution", as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each, an "Eligible Institution"). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5.

2. REQUIREMENTS OF TENDER. This Letter of Transmittal is to be completed by shareholders either if certificates are to be forwarded herewith or, unless an Agent's Message (as defined below) is utilized, if delivery of Shares is to be made pursuant to the procedures for book-entry transfer set forth in Section 2 of the Offer to Purchase. For a shareholder validly to tender Shares pursuant to the Offer, either (a) a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other required documents, must be received by the Depositary at one of its addresses set forth herein prior to the Expiration Date (as defined in the Offer to Purchase) and either certificates for tendered Shares must be received by the Depositary at one of such addresses or Shares must be delivered pursuant to the procedures for book-entry transfer set forth herein (and a Book-Entry Confirmation (as defined in the Offer to Purchase) must be received by the Depositary), in each case, prior to the Expiration Date, or (b) the tendering shareholder must comply with the guaranteed delivery procedures set forth below and in Section 2 of the Offer to Purchase.

Shareholders whose certificates for Shares are not immediately available or who cannot deliver their certificates and all other required documents to the Depositary or complete the procedures for book-entry transfer prior to the Expiration Date may tender their Shares by properly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in Section 2 of the Offer to Purchase. Pursuant to such procedures, (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Purchaser must be received by the

Depositary prior to the Expiration Date and (c) the certificates for all tendered Shares in proper form for transfer (or a Book-Entry Confirmation with respect to all such Shares), together with 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 any other required documents, must be received by the Depositary within three trading days after the date of execution of such Notice of Guaranteed Delivery as provided in Section 2 of the Offer to Purchase. A "trading day" is any day on which the National Association of Securities Dealers Automated Quotation System is open for business.

"Agent's Message" means a message transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, that 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 such participant.

THE METHOD OF DELIVERY OF SHARES, THIS 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.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. All tendering shareholders, by execution of this Letter of Transmittal (or facsimile thereof), waive any right to receive any notice of the acceptance of their Shares for payment.

3. INADEQUATE SPACE. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto.

4. PARTIAL TENDERS (APPLICABLE TO CERTIFICATE SHAREHOLDERS ONLY). If fewer than all the Shares evidenced by any certificate submitted are to be tendered, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered". In any such case, new certificate(s) for the remainder of the Shares that were evidenced by the old certificate(s) will be sent to the registered holder, unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the acceptance of payment of, and payment for the Shares tendered herewith. All Shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder of the Shares tendered hereby, the signature must correspond with the name as written on the face of the certificate(s) without any change whatsoever.

If any of the Shares tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Purchaser of their authority so to act must be submitted.

When this Letter of Transmittal is signed by the registered owner(s) of the Shares listed and transmitted hereby, no endorsements of certificates or separate stock powers are required unless payment is to be made to or certificates for Shares not tendered or accepted for payment are to be issued to a person other than the registered owner(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of certificates listed, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates. Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

6. STOCK TRANSFER TAXES. The Purchaser will pay any stock transfer taxes

with respect to the transfer and sale of Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or if certificates for Shares not tendered or accepted for payment are to be registered in the name of, any person(s) other than the registered owner(s), or if tendered certificates are registered in the name of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered owner(s) or such person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the certificates listed in this Letter of Transmittal.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If a check is to be issued in the name of, and/or certificates for Shares not accepted for payment are to be returned to, a person other than the signer of this Letter of Transmittal or if a check is to be sent and/or such certificates are to be returned to a person other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed.

8. WAIVER OF CONDITIONS. The Purchaser reserves the absolute right in its sole discretion to waive any of the specified conditions (other than the Minimum Tender Condition (as defined in the Offer to Purchase)) of the Offer, in whole or in part, in the case of any Shares tendered.

9. 31% BACKUP WITHHOLDING TAX. In order to avoid U.S. federal backup withholding 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 Substitute Form W-9 below in this Letter of Transmittal and certify under penalties of perjury that such TIN is correct and that such shareholder is not subject to backup withholding tax. 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 $50 penalty on such shareholder and any payment of cash to such shareholder pursuant to the Offer may be subject to backup withholding tax of 31%.

Backup withholding tax is not an additional tax. Rather, the amount of the backup withholding tax can be credited against the Federal income tax liability of the person subject to the backup withholding tax, provided that the required information is given to the IRS. If backup withholding tax results in an overpayment of tax, a refund can be obtained by the shareholder upon filing an income tax return.

The shareholder is required to give the Depositary the TIN (i.e., social security number or employer identification number) of the record owner of the Shares. If the Shares are held in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

The box in Part 3 of the Substitute Form W-9 may be checked if the tendering shareholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the shareholder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Depositary will withhold 31% on all payments made prior to the time a properly certified TIN is provided to the Depositary. However, such amounts will be refunded to such shareholder if a TIN is provided to the Depositary within 60 days of the shareholder submitting such Certificate.

Certain shareholders (including, among others, all corporations and certain foreign individuals and entities) are not subject to backup withholding tax. Noncorporate foreign shareholders 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 tax. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

10. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance may be directed to MacKenzie Partners, Inc. (the "Information Agent") or to Merrill Lynch & Co. (the "Dealer Manager") at their respective addresses listed below. Additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for

Certification of Taxpayer Identification Number on Substitute Form W-9 may be obtained from the Information Agent or from brokers, dealers, banks, trust companies or other nominees.

11. LOST, DESTROYED OR STOLEN CERTIFICATES. If any certificate representing Shares has been lost, destroyed or stolen, the shareholder should promptly notify the Depositary by checking the box immediately preceding the special payment/special delivery instructions and indicating the number of Shares so lost, destroyed or stolen, or call the Depositary at (781)575-3120. The shareholder will then be instructed by the Depositary as to the steps that must be taken in order to replace the certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR A MANUALLY SIGNED FACSIMILE THEREOF) TOGETHER WITH ANY SIGNATURE GUARANTEES, OR, IN THE CASE OF A BOOK-ENTRY TRANSFER, AN AGENT'S MESSAGE, AND ANY OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE AND EITHER CERTIFICATES FOR TENDERED SHARES MUST BE RECEIVED BY THE DEPOSITARY OR SHARES MUST BE DELIVERED PURSUANT TO THE PROCEDURES FOR BOOK-ENTRY TRANSFER, IN EACH CASE PRIOR TO THE EXPIRATION DATE, OR THE TENDERING SHAREHOLDER MUST COMPLY WITH THE PROCEDURES FOR GUARANTEED DELIVERY.

PAYER'S NAME: _____

SUBSTITUTE FORM W-9	PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	Social Security Number(s) or Employer Identification Number
DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	PART 2 -- Certification under penalties of perjury, I certify that (1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued for me) and (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.	
PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	CERTIFICATION INSTRUCTIONS -- You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax returns. However, if after being notified by the IRS that you are subject to backup withholding, you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out such item (2). If you are exempt from backup withholding, check the box in Part 4 above.	PART 3 Awaiting TIN [ ] PART 4 Exempt TIN [ ]

Signature: Date:

NOTE: FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING TAX OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL INFORMATION.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number to the Depositary, 31%

percent of all reportable payments made to me will be withheld, but will be refunded to me if I provide a certified taxpayer identification number within 60 days.

Signature _____ Date _____

Manually signed facsimile copies of the Letter of Transmittal 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 such shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below.

THE DEPOSITARY FOR THE OFFER IS:

EQUISERVE, L.P.

<table>
<caption></caption>
<tr><th>BY MAIL:</th><th>BY HAND:</th><th>BY COURIER:</th></tr>
<tr><td>EquiServe Trust Company, N.A.
Attn: Corporate Actions
P.O. Box 8029
Boston, Massachusetts 02266</td><td>Securities Transfer and Reporting Services, Inc.
c/o EquiServe Trust Company, N.A.
100 William Street, Galleria
New York, New York 10038</td><td>EquiServe Trust Company, N.A.
Attn: Corporate Actions
150 Royale Street
Canton, Massachusetts 02021</td></tr>
</table>

BY FACSIMILE TRANSMISSION:
(For Eligible Institutions only)
(781)575-2233

CONFIRM FACSIMILE TRANSMISSION:
By telephone only
(781)575-3120

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses set forth below. Additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent. You may also contact your broker, dealer, bank, trust company or other nominee for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

MACKENZIE
PARTNERS, INC.

156 Fifth Avenue
New York, New York 10010
(212) 929-5500 (call collect)
or
CALL TOLL FREE (800) 322-2885

THE DEALER MANAGER FOR THE OFFER IS:

MERRILL LYNCH & CO.

4 World Financial Center
New York, New York 10080
(212) 236-3790 (call collect)

EXHIBIT (a)(1)(C)

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
OF
MICROTOUCH SYSTEMS, INC.
(NOT TO BE USED FOR SIGNATURE GUARANTEES)

As set forth in Section 2 of the Offer to Purchase (as defined below), this form or one substantially equivalent hereto must be used to accept the Offer (as defined below) if certificates representing shares of common stock, par value $0.01 per share, including associated preferred stock purchase rights (the "Shares"), of MicroTouch Systems, Inc., a Massachusetts corporation (the "Company"), are not immediately available or if 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 (as defined in the Offer to Purchase). This form 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 (as defined in the Offer to Purchase). See Section 2 of the Offer to Purchase.

<TABLE>
<CAPTION>

BY MAIL:	BY HAND:	BY COURIER:
<S>	<C>	<C>
EquiServe Trust Company, N.A. Attn: Corporate Actions P.O. Box 8029 Boston, Massachusetts 02266	Securities Transfer and Reporting Services, Inc. c/o EquiServe Trust Company, N.A. 100 William Street, Galleria New York, New York 10038	EquiServe Trust Company, N.A. Attn: Corporate Actions 150 Royale Street Canton, Massachusetts 02021

</TABLE>

BY FACSIMILE TRANSMISSION:
(For Eligible Institutions only)
(781)575-2233

CONFIRM FACSIMILE TRANSMISSION:
By telephone only
(781)575-3120

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER, OTHER THAN AS SET FORTH ABOVE, DOES NOT CONSTITUTE A VALID DELIVERY.

THIS FORM IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN ELIGIBLE INSTITUTION UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

THE GUARANTEE ON THE REVERSE SIDE MUST BE COMPLETED.

Ladies and Gentlemen:

The undersigned hereby tenders to Equinox Acquisition, Inc., a Massachusetts corporation (the "Purchaser") and a wholly owned indirect subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation, upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase dated November 17, 2000 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares set forth below, all pursuant to the guaranteed delivery procedures set forth in Section 2 of the Offer to Purchase.

- --------------------------------------- ---------------------------------------

Number of Shares _____

Name(s) of Record Holder(s): _____

_____

Certificate Nos. (if available _____

_____
PLEASE PRINT

(Check box if Shares will be tendered by book-entry transfer)

[ ] The Depository Trust Company

Account Number _____

Dated _____

Address(es): _____

_____
(Zip Code)

Daytime Area Code and Tel. No.: _____

Signature(s): _____

_____

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a participant in the Security Transfer Agents Medallion Program or the New York Stock Exchange Guarantee Program or the Stock Exchange Medallion Program or an "eligible guarantor institution", as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, hereby guarantees to deliver to the Depositary either the certificates representing the Shares tendered hereby, in proper form for transfer, or a Book-Entry Confirmation (as defined in the Offer to Purchase) with respect to such Shares, in any such case together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase), and any other required documents, within three National Association of Securities Dealers Automated Quotation System trading days (as defined in the Letter of Transmittal) after the date hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm: _____

Address: _____

_____
Zip Code

Area Code and Tel. No.: _____

_____
AUTHORIZED SIGNATURE

Name: _____
PLEASE TYPE OR PRINT

_____

Title: _____

Dated: _____

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE. CERTIFICATES FOR SHARES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

EXHIBIT (a)(1)(D)

[LOGO] MERRILL LYNCH

4 World Financial Center
New York, New York 10080
(212)236-3790 (call collect)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
OF
MICROTOUCH SYSTEMS, INC.
AT
$21.00 NET PER SHARE
BY
EQUINOX ACQUISITION, INC.,
A WHOLLY OWNED SUBSIDIARY OF
MINNESOTA MINING AND MANUFACTURING COMPANY

- ---

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 3, 2001, UNLESS THE OFFER IS EXTENDED.

- ---

To Brokers, Dealers, Banks,
Trust Companies and other Nominees

We have been engaged by Equinox Acquisition, Inc., a Massachusetts corporation (the "Purchaser") and a wholly owned subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation ("Parent") to act as Dealer Manager in connection with the Purchaser's offer to purchase all outstanding shares of common stock, par value $0.01 per share (the "Common Stock"), including the associated preferred stock purchase rights (the "Rights" and together with the Common Stock, the "Shares"), of MicroTouch Systems, Inc., a Massachusetts corporation (the "Company"), at $21.00 per Share (the "Offer Price"), net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase dated November 17, 2000 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"). Please furnish copies of the enclosed materials to those of your clients for whom you hold Shares registered in your name or in the name of your nominee.

Enclosed herewith are copies of the following documents:

1. Offer to Purchase dated November 17, 2000;

2. Letter of Transmittal to be used by shareholders of the Company in accepting the Offer (facsimile copies of the Letter of Transmittal may be used to tender the Shares);

3. The Letter to Shareholders of the Company from the Chairman of the Board and Chief Executive Officer of the Company accompanied by the Company's Solicitation/Recommendation Statement on Schedule 14D-9;

4. A printed form of letter that may be sent to your clients for whose account you hold shares in your name or in the name of a nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

5. Notice of Guaranteed Delivery with respect to Shares;

6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. Return envelope addressed to EquiServe, L.P., as Depositary.

The offer is conditioned upon, among other things, (a) there being validly tendered and not validly withdrawn prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) that number of shares that would represent at least a majority of the fully diluted shares on the date of the purchase, and (b) any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable to the purchase of shares pursuant to the Offer or to the Merger and any other waiting periods under any other applicable material competition, merger, control, antitrust or similar law or regulation shall have expired or been terminated.

We urge you to contact your clients promptly. Please note that the Offer and withdrawal rights will expire at 12:00 midnight, New York City time, on January 3, 2001, unless extended.

THE BOARD OF DIRECTORS OF THE COMPANY (AT A MEETING DULY CALLED AND HELD) HAS (i) DETERMINED THAT THE MERGER AGREEMENT (AS DEFINED BELOW), THE OFFER AND THE MERGER (AS DEFINED BELOW) ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY AND THE COMPANY'S SHAREHOLDERS, (ii) APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT, INCLUDING THE OFFER AND THE MERGER, AND (iii) RESOLVED TO RECOMMEND THAT SHAREHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of November 13, 2000, among Parent, the Purchaser and the Company (the "Merger Agreement") pursuant to which, as soon as practicable following the consummation of the Offer and the satisfaction or waiver of certain conditions, the Purchaser will be merged with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "Merger"). At the effective time of the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or the Company or any subsidiary of Parent or the Company or by shareholders, if any, who are entitled to and properly exercise dissenters' rights under Massachusetts law) will be converted into the right to receive the price per Share paid pursuant to the Offer in cash, without interest thereon, as set forth in the Merger Agreement and described in the Offer to Purchase. The Merger Agreement provides that the Purchaser may assign any or all of its rights and obligations (including the right to purchase Shares in the Offer) to Parent or any wholly owned subsidiary of Parent, but no such assignment shall relieve the Purchaser of its obligations under the Merger Agreement.

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (a) certificates for (or a timely Book-Entry Confirmation (as defined in the Offer to Purchase) with respect to such Shares, (b) a Letter of Transmittal (or a facsimile thereof), properly completed, and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer effected pursuant to the procedure set forth in Section 2 of the Offer to Purchase, an Agent's Message (as defined in the Offer to Purchase), and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering shareholders 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 of the Shares to be paid by the Purchaser, regardless of any extension of the Offer or any delay in making such payment.

None of Parent or the Purchaser will pay any fees or commissions to any broker or dealer or other person (other than the Dealer Manager, the Information Agent and the Depositary, as described in the Offer to Purchase) in connection with the solicitation of tenders of Shares pursuant to the Offer. You will be reimbursed by the Purchaser upon request for customary mailing and handling expenses incurred by you in forwarding the enclosed Offering materials to your customers.

Questions and requests for additional copies of the enclosed material may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of the enclosed Offer to Purchase.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF PARENT, THE PURCHASER, THE DEPOSITARY, THE INFORMATION AGENT OR THE DEALER MANAGER OR AUTHORIZE YOU OR ANY OTHER PERSON TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF ANY OF THEM WITH RESPECT TO THE OFFER NOT CONTAINED IN THE OFFER TO PURCHASE OR THE LETTER OF TRANSMITTAL.

EXHIBIT (a)(1)(E)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
OF
MICROTOUCH SYSTEMS, INC.
AT
$21.00 NET PER SHARE
BY
EQUINOX ACQUISITION, INC.,
A WHOLLY OWNED SUBSIDIARY OF
MINNESOTA MINING AND MANUFACTURING COMPANY

November 17, 2000

To Our Clients:

- ---

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 3, 2001, UNLESS THE OFFER IS EXTENDED.

- ---

Enclosed for your consideration is an Offer to Purchase dated November 17, 2000 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with amendments or supplements thereto, collectively constitute the "Offer") relating to the Offer by Equinox Acquisition, Inc., a Massachusetts corporation ("Purchaser") and a wholly owned subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation ("Parent"), to purchase all outstanding shares of common stock, par value $0.01 per share (the "Common Stock") including the associated preferred stock purchase rights (the "Rights" and together with the Common Stock, the "Shares"), of MicroTouch Systems, Inc., a Massachusetts corporation (the "Company"), upon the terms and subject to the conditions set forth in the Offer. Also enclosed is the Letter to Shareholders of the Company from the Chairman of the Board and Chief Executive Officer of the Company accompanied by the Company's Solicitation/Recommendation Statement on Schedule 14D-9.

We (or our nominees) are the holder of record of Shares held by us for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used to tender Shares held by us for your account.

We request instructions as to whether you wish to tender any of or all the Shares held by us for your account pursuant to the terms and conditions set forth in the Offer.

Your attention is directed to the following:

1. The offer price is $21.00 per Share net to the seller in cash, without interest thereon, upon the terms and subject to the conditions of the Offer.

2. The Offer is being made for all outstanding Shares.

3. The Board of Directors of the Company (at a meeting duly called and held) has (i) determined that the Merger Agreement (as defined below), the Offer and the Merger (as defined below) are fair to and in the best interests of the Company and the shareholders of the Company, (ii) approved and adopted the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Offer and the Merger and (iii) resolved to recommend that shareholders of the Company accept the Offer and tender their Shares pursuant to the Offer.

4. The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of November 13, 2000, among Parent, the Purchaser and the Company (the "Merger Agreement")

pursuant to which, as soon as practicable following the consummation of the Offer and the satisfaction or waiver of certain conditions, the Purchaser will be merged with and into the Company with the Company surviving the merger as a wholly owned subsidiary of Parent (the "Merger"). At the effective time of the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or the Company or any subsidiary of Parent or the Company or by shareholders, if any, who are entitled to and properly exercise dissenters' rights under Minnesota law) will be converted into the right to receive the price per Share paid pursuant to the Offer in cash,

without interest, as set forth in the Merger Agreement and described in the Offer to Purchase. The Merger Agreement provides that the Purchaser may assign any or all of its rights and obligations (including the right to purchase Shares in the Offer) to Parent or any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve the Purchaser of its obligations under the Merger Agreement.

5. THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 3, 2001 (THE "EXPIRATION DATE"), UNLESS THE OFFER IS EXTENDED BY THE PURCHASER, IN WHICH EVENT THE TERM "EXPIRATION DATE" SHALL MEAN THE LATEST TIME AT WHICH THE OFFER, AS SO EXTENDED BY THE PURCHASER, WILL EXPIRE.

6. The Offer is conditioned upon, among other things, (a) there being validly tendered and not validly withdrawn prior to the Expiration Date that number of Shares that would represent at least a majority of the Fully Diluted Shares (as defined in Section 14 of the Offer to Purchase) on the date of purchase, and (b) any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable to the purchase of Shares pursuant to the Offer or to the Merger and any other waiting periods under any other applicable material competition, merger, control, antitrust or similar law or regulation shall have expired or been terminated.

7. Any stock transfer taxes applicable to a sale of Shares to the Purchaser will be borne by the Purchaser, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

8. Tendering shareholders will not be obligated to pay brokerage fees or commissions to the Dealer Manager, the Depositary or the Information Agent or, except as set forth in Instruction 6 of the Letter of Transmittal, transfer taxes on the purchase of Shares by the Purchaser pursuant to the Offer. However, federal income tax backup withholding at a rate of 31% may be required, unless an exemption is provided or unless the required taxpayer identification information is provided. See Instruction 9 of the Letter of Transmittal.

Your instructions to us should be forwarded promptly to permit us to submit a tender on your behalf prior to the Expiration Date.

If you wish to have us tender any of or all the Shares held by us for your account, please so instruct us by completing, executing, detaching and returning to us the instruction form on the detachable part hereof. An envelope to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the detachable part hereof. YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION DATE.

Payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by EquiServe, L.P., (the "Depositary") of (a) certificates for (or a timely Book-Entry Confirmation (as defined in the Offer to Purchase) with respect to such Shares, (b) a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer effected pursuant to the procedures set forth in Section 2 of the Offer to Purchase, an Agent's Message, and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering shareholders 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 OF THE SHARES TO BE PAID BY THE PURCHASER, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING SUCH PAYMENT.

The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of 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 is being made on behalf of the Purchaser by Merrill Lynch, Pierce, Fenner & Smith Incorporated, the Dealer Manager for the Offer, or one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO THE
OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
OF MICROTOUCH SYSTEMS, INC.

The undersigned acknowledge(s) receipt of your letter, the Offer to Purchase of MicroTouch Systems, Inc., dated November 17, 2000 (the "Offer to Purchase"), and the related Letter of Transmittal relating to shares of common stock, par value $0.01 per share (the "Common Stock") including associated preferred stock purchase rights (the "Rights, and together with the Common Stock, the "Shares"), of MicroTouch Systems, Inc., a Massachusetts corporation.

This will instruct you to tender the number of Shares indicated below held by you for the account of the undersigned, on the terms and subject to the conditions set forth in the Offer to Purchase and related Letter of Transmittal.

NUMBER OF SHARES TO BE TENDERED(1):

_____ SHARES

SIGN HERE

Signature(s)

Please Type or Print Name(s)

Please Type or Print Address(es)

Area Code and Telephone Number

Taxpayer Identification or Social Security No.

Dated: _____, 2000

(1) Unless otherwise indicated, it will be assumed that all your Shares are to be tendered.

EXHIBIT (a)(1)(F)

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER. - -- Social Security numbers have nine digits separated by two hyphens, e.g., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen, e.g., 00-0000000. The table below will help determine the number to give the payer.

<TABLE>
<CAPTION>

GIVE THE SOCIAL SECURITY NUMBER FOR THIS TYPE OF ACCOUNT:	NUMBER OF	GIVE THE EMPLOYER IDENTIFICATION NUMBER FOR THIS TYPE OF ACCOUNT	NUMBER OF
<S>	<C>	<C>	<C>
1. An individual's account	The individual account	8. Sole proprietorship	The owner(4)
2. Two or more individuals (joint account)	The actual owner of the account, or if combined funds, the first individual on the account(1)	9. A valid trust, estate or pension trust	The legal entity (do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title)(5)
3. Husband and wife (joint account)	The actual owner of the account or, if joining funds, either person(1)	10. Corporate account	The corporation
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	11. Religious, charitable, organization or educational account	The organization
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)	12. Partnership account	The partnership
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor or incompetent person(3)	13. Association, club, or other tax-exempt organization	The organization
7.a. A revocable savings trust account (in which grantor is also trustee)	The grantor-trustee(1)	14. A broker or registered nominee	The broker or nominee
b. Any "trust" account that is not a legal or valid trust under State law	The actual owner(1)	15. Account with the Department of Agriculture in the name of a public entity	The public entity (such as a State or local government, school district, or prison) that receives agricultural program payments

</TABLE>

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(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's social security number.

(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.

(4) Show the name of the owner. If the owner does not have an employer identification number, furnish the owner's social security number.

(5) List first and circle the name of the legal trust, estate or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9
PAGE 2

OBTAINING A NUMBER

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card (for resident individuals), Form SS-4, Application for Employer Identification Number (for businesses and all other entities), or Form W-7 for International Taxpayer Identification Number (for alien individuals required to file U.S. tax returns), at an office of the Social Security Administration of the Internal Revenue Service.

To complete Substitute Form W-9, if you do not have a taxpayer identification number, check the "Awaiting TIN" box in Part 3, sign and date the Form, and give it to the requester.

Generally, you will then have 60 days to obtain a taxpayer identification number and furnish it to the requester. If the requester does not receive your taxpayer identification number within 60 days, backup withholding tax, if applicable, will begin and will continue until you furnish your taxpayer identification number to the requester.

PAYEES EXEMPT FROM BACKUP WITHHOLDING PENALTIES

Payees specifically exempted from backup withholding tax on ALL payments include the following:*

* A corporation.

* A financial institution.

* An organization exempt from tax under section 501(a), or an individual retirement plan, or a custodial account under section 403(b)(7) if the account satisfies the requirements of Section 401(f)(2).

* The United States or any agency or instrumentality thereof.

* A State, the District of Columbia, a possession of the United States, or any political subdivision or instrumentality thereof.

* A foreign government or a political subdivision, agency or instrumentality thereof.

* An international organization or any agency or instrumentality thereof.

* A registered dealer in securities or commodities registered in the United States or a possession of the United States.

* A real estate investment trust.

* A common trust fund operated by a bank under section 584(a).

* An entity registered at all times during the tax year under the Investment Company Act of 1940.

* A foreign central bank of issue.

Exempt payees described above should file a substitute Form W-9 to avoid possible erron-eous backup withholding tax. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

* Payments to non-resident aliens subject to withholding under section 1441.

* Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.

* Payments of patronage dividends where the amount received is not paid in money.

* Payments made by certain foreign organizations.

* Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the

following:

* Payments of interest on obligations issued by individuals. NOTE: You may be subject to backup withholding if (i) this interest is $600 or more, (ii) the interest is paid in the course of the payer's trade or business and (iii) you have not provided your correct taxpayer identification number to the payer.

* Payments of tax-exempt interest (including exempt-interest dividends under section 852).

* Payments described in section 6049(b)(5) to non-resident aliens.

* Payments on tax-free covenant bonds under section 1451.

* Payments made by certain foreign organizations.

* Payments made to a nominee.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER. -- If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE STATEMENTS WITH RESPECT TO WITHHOLDING. -- If you make a false statement with no reasonable basis which results in no imposition of backup withholding tax, you are subject to a $500 penalty.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION. -- If you willfully falsify certifications or affirmations, you are subject to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Certain payments other than interest, dividends and patronage dividends that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041(A)(a), 6045, and 6050A.

PRIVACY ACT NOTICES. Section 6109 requires most recipients of dividends, interest or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividends, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

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*Unless otherwise noted herein, all references below to section numbers or to regulations are references to the Internal Revenue Code and the regulations promulgated thereunder.

EXHIBIT (a)(1)(G)

FOR IMMEDIATE RELEASE

Contact: Mary C. Auvin, 3M
Phone: (651) 736-2597
or
Tim Holt, MicroTouch Systems, Inc.
Phone: (978) 659-9000

3M TO ACQUIRE MICROTOUCH SYSTEMS, INC.

ST. PAUL, MINN. - November 13, 2000 - 3M and MicroTouch Systems, Inc., announced today that they have entered into a definitive agreement under which 3M will acquire MicroTouch Systems, Inc., a Methuen, Mass.-based manufacturer of touch-screen products for approximately $160 million. 3M will commence the transaction with a cash tender offer for 100 percent but not less than a majority of the outstanding MicroTouch shares for $21 per share in cash. If a majority of the outstanding shares are purchased in the tender offer, any remaining MicroTouch shares will be exchanged for cash in the amount of $21 per share in a merger of MicroTouch and 3M's acquisition subsidiary.

The transaction has been approved by the board of directors of both companies and is subject to approval by the shareholders of MicroTouch, customary closing conditions and regulatory approvals. The transaction is expected to close in early 2001. Upon completion of the transaction, MicroTouch will become a wholly owned subsidiary of 3M.

Andy Wong, division vice president, 3M Optical Systems Division, said, "MicroTouch is an innovative company with talented people and fast growing, quality products. This acquisition broadens our touch screen technologies, complements our customer relationships, and fits into our strategy to expand further in the touch screen and optical sector. Further, we believe we will realize additional synergies between our technology and product platforms, as well as our customer bases and cultures. We're enthusiastic about the prospects of joining forces with MicroTouch and successfully growing this business."

"We're delighted to be linking up with 3M," said Wes Davis, president and chief executive officer, MicroTouch Systems, Inc. "We believe this transaction will create value for shareholders and customers of both companies. Our products and technological expertise, and our track record at innovation, when combined with those of 3M, will open a whole new realm of possibilities. I wish to assure our customers that we will work hard to minimize disruptions in service during this transition and that the combined resources of 3M, 3M Dynapro and MicroTouch should enhance opportunities to work together in the future."

Simultaneously with the execution of the merger agreement, MicroTouch also granted 3M an option to acquire newly-issued shares of MicroTouch common stock in an amount equal to 19.9 percent of the outstanding common stock of MicroTouch. In addition, all directors and certain officers of MicroTouch have entered into agreements to tender their shares to 3M.

ABOUT 3M

3M is a $16 billion diversified manufacturing and technology company with operations in more than 60 countries. Headquartered in St. Paul, Minnesota, 3M makes a wide variety of products serving customers in dozens of markets, including industrial, consumer and office, electronics, telecommunications, health care, transportation safety and automotive. 3M is traded on the New York, Chicago, Pacific and Swiss stock exchanges under the symbol MMM. It is one of the 30 stocks that make up the Dow Jones Industrial Average and also is a component of the Standard & Poor's 500 Index. Additional information about the company is available on the Internet at www.3M.com.

ABOUT MICROTOUCH SYSTEMS, INC.

MicroTouch Systems, Inc. is a global company with 885 employees at 18 locations in 11 countries. Founded in 1982, the company reported sales of $157.5 million in 1999. MicroTouch has a global presence in the manufacture of computer touch-screen display products. The company applies their technologies in a variety of products, and markets them under the ClearTek and TouchTek brand names. MicroTouch operates ISO 9001-certified manufacturing plants at its worldwide headquarters in Methuen, Mass. and at its European headquarters in Abingdon, England, and also maintains manufacturing facilities in Texas, along with sales offices and distributors in more than 50 countries. The company's website is www.microtouch.com.

ADDITIONAL INFORMATION

THE TENDER OFFER THAT IS DESCRIBED IN THIS ANNOUNCEMENT HAS NOT YET COMMENCED. ONCE THE TENDER OFFER COMMENCES, 3M WILL FILE A TENDER OFFER STATEMENT AND MICROTOUCH WILL FILE A SOLICITATION/RECOMMENDATION STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION. YOU SHOULD READ THESE DOCUMENTS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TENDER OFFER. YOU CAN OBTAIN THE TENDER OFFER STATEMENT, THE SOLICITATION/RECOMMENDATION STATEMENT AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR FREE WHEN THEY ARE AVAILABLE ON THE SECURITIES AND EXCHANGE COMMISSION'S WEB SITE AT HTTP://WWW.SEC.GOV. ALSO, IF YOU WRITE OR CALL US, WE WILL SEND YOU THE TENDER OFFER STATEMENT AND THE SOLICITATION/RECOMMENDATION STATEMENT FOR FREE WHEN THEY ARE AVAILABLE.

MICROTOUCH SYSTEMS, INC. SHAREHOLDERS ARE ADVISED TO READ THE TENDER OFFER STATEMENT REGARDING THE ACQUISITION OF MICROTOUCH SYSTEMS, INC., REFERENCED IN THIS PRESS RELEASE, WHICH WILL BE FILED BY 3M WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION AND THE RELATED SOLICITATION RECOMMENDATION (INCLUDING AN OFFER TO PURCHASE, LETTER OF TRANSMITTAL AND RELATED TENDER OFFER DOCUMENTS) AND THE SOLICITATION/RECOMMENDATION STATEMENT WILL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER. THESE DOCUMENTS WILL BE AVAILABLE AT NO CHARGE AT THE SEC'S WEBSITE AT www.sec.gov AND MAY ALSO BE OBTAINED FROM 3M BY DIRECTING SUCH REQUEST TO INVESTOR RELATIONS AT (651) 736-1915.

3M and MicroTouch also file annual, quarterly and special reports, proxy statement and other information with the SEC. Investors may read and copy any reports, statements or other information filed by each company on the SEC's website (http://www.sec.gov) or at the SEC's public reference rooms at 450 Fifth Street N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on public reference rooms. 3M's and MicroTouch Systems, Inc.'s SEC filings are also available to the public over the Internet at EDGAR Online, Inc.'s web site at http://www.freeedgar.com.

NOTE ON FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that reflect current views and estimates of 3M's management and MicroTouch Systems, Inc.'s management of future economic circumstances, industry conditions, company performance and financial results. The statements are based on many assumptions and factors including: the results of the tender offers, worldwide economic conditions; foreign exchange rates and fluctuations in those rates; the timing and acceptance of new product offerings; raw materials, including shortages and increases in the costs of key raw materials; 3M's ability to successfully manage acquisitions, divestitures and strategic alliances; and legal proceedings. Any changes in such assumptions or factors could produce significantly different results.

FROM:
3M Corporate Media Relations
3M Center, Building 225-1S
St. Paul, MN 5514-1000

EXHIBIT (a)(1)(H)

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made solely by the Offer to Purchase dated November 17, 2000, and the related Letter of Transmittal and any amendments or supplements thereto and is not being made to (nor will tenders be accepted from or on behalf of) holders of shares in any jurisdiction in which the making of the offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction in which the securities, Blue Sky or other laws require the offer to be made by a licensed broker or dealer, the offer shall be deemed made on behalf of the Purchaser (as defined below) by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Dealer Manager"), or by one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH

ALL OUTSTANDING SHARES OF COMMON STOCK

(INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)

OF

MICROTOUCH SYSTEMS, INC.

AT

$21.00 NET PER SHARE

BY

EQUINOX ACQUISITION, INC.,

A WHOLLY OWNED SUBSIDIARY OF

MINNESOTA MINING AND MANUFACTURING COMPANY

Equinox Acquisition, Inc., a Massachusetts corporation (the "Purchaser") and a wholly owned subsidiary of Minnesota Mining and Manufacturing Company, a Delaware corporation ("Parent"), is offering to purchase all outstanding shares of Common Stock, par value $0.01 per share (the "Common Stock"), of MicroTouch Systems, Inc., a Massachusetts corporation (the "Company"), including the associated preferred stock purchase rights (the "Rights"), issued pursuant to the Rights Agreement, dated as of January 19, 1996, between the Company and The First National Bank of Boston (the Common Stock and the Rights together are referred to herein as the "Shares"), at $21.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 17, 2000, and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"). Tendering shareholders who have Shares registered in their names and who tender directly to EquiServe, L.P. (the "Depositary") will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, transfer taxes on the purchase of Shares by the Purchaser pursuant to the Offer. Shareholders who hold their Shares through a broker or bank should consult with such institution as to whether it charges any service fees. The purpose of the Offer is to acquire for cash as many outstanding Shares as possible as a first step in acquiring the entire equity interest in the Company. Following the consummation of the Offer, the Purchaser intends to effect the Merger (as defined below).

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 3, 2001 UNLESS THE OFFER IS EXTENDED.

The Offer is conditioned upon, among other things, (a) there being validly tendered and not withdrawn prior to the Expiration Date (as defined below) that number of Shares that would represent at least a majority of the fully diluted Shares (as defined in the Offer to Purchase) on the date of purchase (the "Minimum Tender Condition"), and (b) any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable to the purchase of Shares pursuant to the offer or to the Merger and any other waiting periods under any other applicable material competition, merger, control, antitrust or similar law or regulation shall have expired or been terminated.

The Offer is being made pursuant to the Agreement and Plan of Merger dated as of November 13, 2000, among Parent, the Purchaser and the Company (the "Merger Agreement") pursuant to which, following the consummation of the Offer and the satisfaction or waiver of certain conditions, the Purchaser will be merged with and into the Company, with the Company surviving the merger as a

wholly owned subsidiary of Parent (the "Merger"). In the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or the Company or any subsidiary of Parent or the Company or by shareholders, if any, who are entitled to and properly exercise dissenters' rights under

Massachusetts law) will be converted into the right to receive the price per Share paid pursuant to the Offer in cash, without interest thereon.

The Board of Directors of the Company (the "Company Board") (at a meeting duly called and held) has (x) determined that the Merger Agreement, the Offer and the Merger are fair to and in the best interests of the Company and the shareholders of the Company; (y) approved and adopted the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Offer and the Merger; and (z) resolved to recommend that shareholders of the Company accept the Offer and tender their Shares pursuant to the Offer.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered to the Purchaser and not properly 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. Upon the terms and subject to the conditions of the Offer, 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 whose Shares have been accepted for payment. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (a) the certificates for such Shares, together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees or (b) in the case of a transfer effected pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase, a Book-Entry Confirmation (as defined in the Offer to Purchase) and either a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, and any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase), and any other required documents. Under no circumstances will interest be paid on the purchase price for tendered Shares, regardless of any extension of or amendment to the Offer or any delay in paying for such Shares.

The term "Expiration Date" means 12:00 midnight, New York City time, on Wednesday January 3, 2001, unless and until the Purchaser shall have extended the period of time during which the Offer is open in accordance with the terms of the Merger Agreement, in which event the term "Expiration Date" shall mean the latest time and date on which the Offer, as so extended by the Purchaser, will expire. The Purchaser may, at any time and from time to time, take one or more of the following actions without the consent of the Company: (a) extend the Offer for one or more periods of time that the Purchaser reasonably believes are necessary to cause the conditions to the Offer to be satisfied, if at the Expiration Date any of the conditions to the Purchaser's obligation to accept Shares for payment is not satisfied or waived, until such time as all such conditions are satisfied or waived, (b) extend the Offer for any period required by any

rule, regulation, interpretation or position of the Securities and Exchange Commission or the staff thereof that is applicable to the Offer or (c) extend the Offer for an aggregate period of not more than ten business days beyond the latest applicable date that would otherwise be permitted under clause (a) or (b) of this sentence, if, as of such date, all of the conditions to the Purchaser's obligation to accept Shares for payment (including the Minimum Tender Condition) are satisfied or waived but the number of Shares validly tendered and not withdrawn pursuant to the Offer equals less than 90% of the outstanding Shares on a fully diluted basis. If (x) all of the conditions to the Offer are not satisfied on any scheduled Expiration Date of the Offer and (y) the Company is in compliance with all of its covenants in the Merger Agreement, then the Purchaser will extend the Offer for one or more periods of time that the Purchaser reasonably believes are necessary to cause the conditions of the Offer to be satisfied until all such conditions are satisfied or waived; provided, however, that the Purchaser will not be required to extend the Offer pursuant to this sentence beyond February 2, 2001. Any such extension will be followed by a public announcement thereof no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled Expiration Date. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of a tendering shareholder to withdraw such shareholder's Shares.

Except as otherwise provided below, 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 January 15, 2001, unless, as described below, such Shares are tendered during a Subsequent Offering Period (as defined below). For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the 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 (as defined in the Offer to Purchase), any and all signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been delivered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the 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 of the Offer to Purchase at any time prior to the Expiration Date. Under the Merger Agreement and pursuant to Rule 14d-11 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), although the Purchaser does not currently intend to do so, the Purchaser may, subject to certain conditions, elect to provide a subsequent offering period of from three business days to

20 business days in length following the expiration of the Offer on the Expiration Date and acceptance of the Shares for payment pursuant to the Offer (a "Subsequent Offering Period"). During a Subsequent Offering Period, tendering shareholders will not have withdrawal rights and the Purchaser will promptly purchase and pay for any Shares tendered at the same price paid in the Offer. See Section 1 of the Offer to Purchase. All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Purchaser, in its sole discretion, which determination will be final and binding. None of Parent, the Purchaser, the Company, the Depositary, the Information Agent, the Dealer Manager 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.

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. The Offer to Purchase, the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares, and will be furnished to brokers, dealers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the Company's 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.

The receipt of cash pursuant to the Offer or the Merger will be a taxable transaction for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended, and may also be a taxable transaction under applicable state, local or foreign tax laws. Generally, for U.S. federal income tax purposes, a tendering shareholder will recognize gain or loss equal to the difference between the amount of cash received by the shareholder as consideration for Shares tendered by the shareholder and purchased pursuant to the Offer or converted into cash in the Merger, as the case may be, and the adjusted tax basis of such Shares. If tendered Shares are held by a tendering shareholder as capital assets, gain or loss recognized by such shareholder will be capital gain or loss, which will be long-term capital gain or loss if such shareholder's holding period for the Shares exceeds one year. Shareholders are urged to consult their own tax advisors to determine the particular tax consequences (including the applicability and effect of any state, local or foreign income and other tax laws) of the Offer and the Merger. For a more complete description of certain U.S. federal income tax consequences of the Offer and the Merger, see Section 5 of the Offer to Purchase.

The Purchaser expressly reserves the right to waive any condition to the Offer or modify the terms of the Offer, subject to the terms of the Merger Agreement, which contains certain conditions that may not be waived and modifications that may not be made without the consent of the Company.

The information required to be disclosed by paragraph (d)(1) of Rule 14d-6 of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Offer to Purchase and Letter of Transmittal contain important information and should be read carefully and in their entirety before any decision is made with respect to the Offer.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth below. Requests for copies of the Offer to Purchase, the Letter of Transmittal and all other tender offer materials may be directed to the Information Agent as set forth below, or from brokers, dealers, banks, trust companies or other nominees. No fees or commissions will be payable to brokers, dealers or other persons (other than the Dealer Manager, the Information Agent and the Depositary) for soliciting tenders of Shares pursuant to the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

MACKENZIE PARTNERS, INC.

156 Fifth Avenue
New York, New York 10010
(212) 929-5500 (Call Collect)
or
CALL TOLL FREE: (800) 322-2885

THE DEALER MANAGER FOR THE OFFER IS:

MERRILL LYNCH & CO.

4 World Financial Center
New York, New York 10080
(212) 236-3790 (Call Collect)

November 17, 2000

EXHIBIT (d)(1)

AGREEMENT AND PLAN OF MERGER

DATED AS OF

November 13, 2000

BY AND AMONG

MINNESOTA MINING AND MANUFACTURING COMPANY,

EQUINOX ACQUISITION, INC.

AND

MICROTOUCH SYSTEMS, INC.

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INDEX OF DEFINED TERMS

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of November 13, 2000 (this "Agreement"), by and among Minnesota Mining and Manufacturing Company ("Parent") a Delaware corporation, Equinox Acquisition, Inc. a Massachusetts corporation and a wholly owned Subsidiary of Parent ("Equinox Acquisition" or "Merger Sub") and MicroTouch Systems, Inc. (the "Company"), a Massachusetts corporation.

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of Parent, Merger Sub and the Company have approved the acquisition of the Company by Parent on the terms and subject to the conditions set forth in this Agreement (the "Acquisition");

WHEREAS, in furtherance of the Acquisition, Parent proposes to cause Merger Sub to make a cash tender offer (as it may be amended from time to time as permitted under this Agreement, the "Offer") to purchase all the issued and outstanding shares of common stock, par value $0.01 per share, of the Company (the "Company Common Shares") (and the associated rights ("Rights") issued pursuant to the Rights Agreement, dated as of January 19, 1996, between the Company and The First National Bank of Boston, as Rights Agent (the "Rights Agreement")), at a price per share of $21.00, net to the seller in cash without interest, on the terms and subject to the conditions set forth in this Agreement and the Offer;

WHEREAS, also in furtherance of the Acquisition, the respective Boards of Directors of Parent, Merger Sub and the Company have approved this Agreement and the merger of Merger Sub with and into the Company (the "Merger"), pursuant to which, on the terms and subject to the conditions set forth in this Agreement, each issued and outstanding Company Common Share not tendered to and purchased by Merger Sub pursuant to the Offer and not owned by Parent, Merger Sub or the Company (other than Dissenting Shares (as defined in Section 2.1(d)) will be converted into the right to receive the highest per share cash consideration paid pursuant to the Offer in accordance with the Massachusetts Business Corporation Law (the "MBCL");

WHEREAS, the Board of Directors of the Company (the "Company Board") has resolved to recommend that all holders of Company Common Shares ("Shareholders") accept the Offer, tender their Company Common Shares pursuant to the Offer and approve this Agreement and the Merger, and has determined that the Offer and the Merger are fair to and in the best interests of the Company and the Shareholders;

WHEREAS, the respective Boards of Directors of Parent and Merger Sub have each determined that the Merger upon the terms and subject to the conditions set

forth in this Agreement is advisable, and in the best interests of their respective corporations and shareholders and have approved the Merger;

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition and inducement to Parent's and Merger Sub's willingness to enter into this Agreement, Parent and the shareholders of the Company listed on Exhibit B hereto have executed and delivered a Shareholders Agreement (a "Shareholders Agreement"), dated as of this date, pursuant to which those shareholders are agreeing to tender their Company Common Shares into the Offer;

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition and inducement to Parent's and Merger Sub's willingness to enter into this Agreement, Parent and the Company have executed and delivered a Stock Option Agreement (an "Option Agreement"), dated as of this date, pursuant to which the Company is granting to Parent an option to purchase, under certain circumstances, up to 1,291,873 Company Common Shares, with an exercise price of $21.00 per share; and

WHEREAS, the parties hereto 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 mutual covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the parties hereby agree as follows (certain capitalized but undefined terms used herein are defined in Section 9.3):

ARTICLE I

Section 1.1. The Offer. (a) Subject to the conditions of this Agreement, as promptly as practicable, but in no event later than five business days after the date of the public announcement of this Agreement, Merger Sub shall, and Parent shall cause Merger Sub to, commence the Offer within the meaning of the applicable rules and regulations of the United States Securities and Exchange

Commission (the "SEC"). The obligations of Merger Sub to, and of Parent to cause Merger Sub to, accept for payment or pay for any Company Common Shares tendered pursuant to the Offer are subject to the conditions set forth in Exhibit A hereto. The initial expiration date of the Offer shall be January 3, 2001 (determined using Rules 14d-1(g)(3) and 14d-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Merger Sub expressly reserves the right to waive any condition to the Offer or to modify the terms of the Offer, in each case in its sole discretion; provided, however, that without the consent of the Company, Merger Sub shall not (i) reduce the number of Company Common Shares subject to the Offer, (ii) reduce the price per Company Common Share to be paid pursuant to the Offer or change the form or time of delivery of consideration, (iii) amend

or waive the Minimum Tender Condition (as defined in Exhibit A hereto) or add to the conditions set forth in Exhibit A hereto, (iv) except as provided below in this Section 1.1(a), extend the Offer, or (v) otherwise amend the terms of the Offer in any manner adverse to the holders of Company Common Shares. Notwithstanding the foregoing, Merger Sub may, at any time and from time to time, and, in each case, subject to Section 8.1 hereof, take one or more of the following actions without the consent of the Company: (A) extend the Offer for one or more periods of time that Merger Sub reasonably believes are necessary to cause the conditions to the Offer to be satisfied, if at the scheduled expiration date of the Offer any of the conditions to Merger Sub's obligation to accept Company Common Shares for payment is not satisfied or waived, until such time as all such conditions are satisfied or waived, (B) extend the Offer for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof that is applicable to the Offer or (C) extend the Offer for an aggregate period of not more than 10 business days beyond the latest applicable date that would otherwise be permitted under clause (A) or (B) of this sentence, if, as of such date, all of the conditions to Merger Sub's obligation to accept Company Common Shares for payment (including the Minimum Tender Condition) are satisfied or waived, but the number of Company Common Shares validly tendered and not withdrawn pursuant to the Offer equals less than 90% of the outstanding Company Common Shares (determined on a fully diluted basis for all outstanding stock options, convertible securities and any other rights to acquire Company Common Stock on the date of purchase). Without limiting the rights of Merger Sub to extend the Offer pursuant to the immediately preceding sentence, Parent and Merger Sub agree that if (I) (x) all of the conditions to the Offer are not satisfied on any scheduled expiration date of the Offer, (y) such conditions are reasonably capable of being satisfied within 30 days after the initial expiration date of the Offer and (z) the Company is in compliance with all of its covenants in this Agreement, or (II) any rule, regulation, interpretation or position of the SEC or the staff thereof that is applicable to the Offer requires an extension of the Offer, then Merger Sub shall extend the Offer for one or more periods of time that Merger Sub reasonably believes are necessary to cause the conditions of the Offer to be satisfied, until all such conditions are satisfied or waived; provided, however, that Merger Sub shall not be required to extend the Offer pursuant to this sentence beyond the 30th day after the initial expiration date of the Offer, unless otherwise required pursuant to (II) above. Subject to Section 8.1 hereof, Merger Sub may, without the consent of the Company, elect to provide a subsequent offering period for the Offer in accordance with Rule 14d-11 under the Exchange Act, following its acceptance of Company Common Shares for payment pursuant to the Offer. On the terms and subject to the conditions of the Offer and this Agreement, Merger Sub shall, and Parent shall cause Merger Sub to, pay for all Company Common Shares validly tendered and not withdrawn pursuant to the Offer that Merger Sub becomes obligated to purchase pursuant to the Offer as soon as practicable after the expiration of the Offer.

(b) As soon as practicable on the date of commencement of the Offer, Merger Sub shall, and Parent shall cause Merger Sub to, file with the SEC a Tender Offer Statement on Schedule TO with respect to the Offer (such Tender Offer Statement, together with all amendments and supplements thereto, the "Schedule TO"), which shall contain an offer to purchase and a related letter of transmittal and summary advertisement (such Schedule TO and the documents contained therein pursuant to which the Offer will be made, in each case together with all supplements and amendments thereto, the "Offer Documents"). Parent and Merger Sub (i) agree that, on the date on which the Schedule TO is filed with the SEC and on each date on which any amendment or supplement to any Offer Document is filed with the SEC, the Offer Documents shall comply as to form in all material respects with the Exchange Act and the rules and regulations promulgated thereunder, and (ii) represent and warrant that, on the date first published, sent or given to Shareholders, the Offer Documents will 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 therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by Parent or

Merger Sub with respect to information supplied in writing by or on behalf of the Company or any of its officers or directors specifically for inclusion or incorporation by reference in any Offer Document. Each of Parent and Merger Sub (or the Company, in the case of any information supplied by or on behalf of the Company or any of its officers or directors specifically for inclusion or incorporation by reference in any Offer Document) agree promptly to correct any information contained in the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and each of Parent and Merger Sub shall take all steps necessary to amend or supplement the Offer Documents to reflect such correction and to cause the Offer Documents as so amended or supplemented to be filed with the SEC and disseminated to the Shareholders, in each case as and to the extent required by applicable Federal and state securities laws. Parent and Merger Sub shall provide the Company and its counsel a reasonable opportunity to review and comment upon the Offer Documents (including, without limitation, any amendment or supplement thereto) prior to their filing with the SEC or dissemination to the Shareholders. Parent and Merger Sub shall provide the Company and its counsel in writing with any written comments (and orally, with any oral comments) that Parent, Merger Sub or their counsel may receive from the SEC or its staff with respect to the Offer Documents promptly after the receipt of such comments and shall provide the Company and its counsel with a reasonable opportunity to participate in the response of Parent and Merger Sub to any such comments.

(c) The parties hereto agree to promptly file with the Commonwealth of Massachusetts any registration statement relating to the Offer required to be filed pursuant to Chapter 110C of the Massachusetts

General Laws. Parent and Merger Sub shall disseminate to the Shareholders the information contained in any such registration statement relating to the Offer required to be filed pursuant to 110C of the Massachusetts General Laws, in each case to the extent and within the time period required by 110C of the Massachusetts General Laws.

(d) Prior to the expiration of the Offer, Parent shall provide or cause to be provided to Merger Sub on a timely basis the funds necessary to purchase all Company Common Shares that Merger Sub becomes obligated to purchase pursuant to the Offer.

Section 1.2 Company Actions. (a) Subject to Section 5.3, the Company hereby approves of and consents to the Offer, the Merger and the other transactions contemplated by this Agreement. The Company hereby consents to the inclusion in the Offer Documents of the Recommendation (as defined in Section 3.4(b)), and the Company shall not permit the Recommendation or any component thereof to be modified in any manner adverse to Parent or Merger Sub or withdrawn by the Company Board or in any other manner, except as provided in this Agreement.

(b) On the date on which the Offer Documents are filed with the SEC, the Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 under the Exchange Act with respect to the Offer (such Schedule 14D-9, as amended or supplemented from time to time, the "Schedule 14D-9") in which the Company makes the recommendations referred to in Section 3.4(b), subject to any permitted withdrawal or modification thereof in accordance with this Agreement, and shall mail the Schedule 14D-9 to the Shareholders. The Company shall include in the Schedule 14D-9 information furnished by Parent in writing concerning Parent's designees for directors of the Company as required by Section 14(f) of the Exchange Act and Rule 14f-1 thereunder, and shall use its reasonable efforts to have the Schedule 14D-9 available for inclusion in the initial mailing of the Offer Documents to the Shareholders. The Company (i) agrees that on the date on which the Schedule 14D-9 is filed with the SEC and on each date on which any amendment or supplement to the Schedule 14D-9 is filed with the SEC, the Schedule 14D-9 shall comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder, and (ii) represents and warrants that, on the date filed with the SEC and on the date first published, sent or given to Shareholders, the Schedule 14D-9 will 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 therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by the Company with respect to information supplied in writing by Parent or Merger Sub pursuant to this Agreement specifically for inclusion in the Schedule 14D-9. The Company (or Parent and Merger Sub, with respect to information supplied by Parent or Merger Sub pursuant to this Agreement specifically for inclusion in the Schedule 14D-9) shall promptly correct any information contained in the Schedule 14D-9 if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall take all steps necessary to amend or

supplement the Schedule 14D-9 to reflect such correction and to cause the Schedule 14D-9 as so amended or supplemented to be filed with the SEC and disseminated to the Shareholders, in each case as and to the extent required by applicable Federal securities laws. The Company shall provide Parent, Merger Sub and their counsel in writing with any written comments (and orally, with any oral comments) that the Company or its counsel may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly after the receipt of such comments.

(c) In connection with the Offer and the Merger, the Company shall as promptly as reasonably practicable but, in any event, within two business days after the date hereof, furnish, or cause its transfer agent to furnish, Merger Sub promptly with mailing labels containing the names and addresses of all record holders of Company Common Shares as of a recent date and, as soon as practicable thereafter, of those persons becoming record holders subsequent to such date, together with copies of all lists of Shareholders, security position listings and computer files and all other information in the Company's possession or control regarding the beneficial owners of Company Common Shares, and shall furnish to Merger Sub such information and assistance (including updated lists of Shareholders, security position listings and computer files) as Merger Sub or Parent may reasonably request in communicating the Offer to Shareholders. Subject to the requirements of applicable law, and except for such steps as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Offer, the Merger and the other transactions contemplated by this Agreement, Parent and Merger Sub shall hold in confidence pursuant to the Confidential Disclosure Agreement dated September 27, 2000 between Parent and the Company (the "Confidentiality Agreement") the information contained in any such labels, listings and files, and shall use the information referred to in this Section 1.2(c) solely for the purpose of communicating the Offer and disseminating any other documents necessary to consummate the Offer, the Merger and the other transactions contemplated by this Agreement and, if this Agreement shall be terminated, shall promptly deliver to the Company all copies of such information then in their possession.

Section 1.3 Directors. Promptly upon the satisfaction of the Minimum Tender Condition and the acceptance for payment of, and payment by Merger Sub for, any Company Common Shares pursuant to the Offer, Merger Sub shall, subject to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, be entitled to designate such number of directors on the Company Board as will give Merger Sub representation on the Company Board equal to that number of directors, rounded down to the next whole number, which is the product of (a) the total number of directors on the Company Board (giving effect to the directors elected pursuant to this sentence) multiplied by (b) a fraction, the numerator of which is the number of Company Common Shares so accepted for payment and paid for by Merger Sub and the denominator of which is the number of Company Common Shares outstanding at the time of acceptance

for payment of Company Common Shares pursuant to the Offer, and the Company shall, promptly upon such designation by Merger Sub, cause Merger Sub's designees to be elected or appointed to the Company Board; provided, however, that during the period commencing with the election or appointment of Merger Sub's designees to the Company Board until the Effective Time or earlier termination of this Agreement, the Company Board shall have at least two directors who are directors on the date of this Agreement and who are not officers of the Company or representatives of any affiliates of the Company (the "Independent Directors"); and provided further, however, that if during such period the number of Independent Directors shall be reduced below two for any reason whatsoever, the remaining Independent Directors (or Independent Director, if there shall be only one remaining) shall be entitled to designate persons to fill any such vacancies who shall be deemed to be Independent Directors for purposes of this Agreement or, if no Independent Directors then remain, the other directors shall designate two persons to fill such vacancies who are not officers, affiliates, associates or shareholders of Parent or Merger Sub, and such persons shall be deemed to be Independent Directors for purposes of this Agreement. Subject to applicable law, the Company shall take all action requested by Parent for the purpose of effecting any such election or appointment of Merger Sub's designees. In connection with the foregoing, the Company shall promptly, at the option of Merger Sub, either increase the size of the Company Board or accept the resignations (which resignations the Company will obtain on or before the date of this Agreement, and which resignations shall only be effective as of the time of, and shall be conditional upon, acceptance for payment of any Company Common Shares pursuant to the Offer) of such number of its current directors as is necessary to enable Merger Sub's designees to be elected or appointed to the Company Board as provided above. Prior to the Effective Time, the Company shall cause each member of the Company Board, other than Merger Sub's designees, to execute and deliver a letter effectuating his or her resignation as a director of the Company Board effective immediately prior to the Effective Time.

Section 1.4 The Merger. (a) Subject to the terms and conditions of this Agreement and in accordance with the MBCL, at the Effective Time, Merger Sub will merge with and into the Company. At the Effective Time, the separate corporate existence of Merger Sub shall cease and the Company shall be the surviving corporation in the Merger (the "Surviving Corporation").

(b) At the Effective Time, the Merger will have the other effects provided in the applicable provisions of the MBCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers, immunities and franchises of the Company and Merger Sub will vest in the Surviving Corporation, and all debts, liabilities, obligations and duties of the Company and Merger Sub will become, by operation of law, the debts, liabilities, obligations and duties of the Surviving Corporation. The name of the Surviving Corporation shall be

"3M MicroTouch Systems, Inc." and the purpose thereof shall be as set forth in Section 2 of the Articles of Organization of the Surviving Corporation.

Section 1.5 The Closing; Effective Time. (a) The closing of the Merger (the "Closing") shall take place (i) at the offices of Parent, in St. Paul, at 10:00 A.M. local time, on the second business day following the date on which the last to be satisfied or waived of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, where permitted, waiver of those conditions) shall be satisfied or waived in accordance with this Agreement or (ii) at such other place, time and/or date as the Company and Parent shall agree in writing (the date on which the Closing occurs, the "Closing Date").

(b) Prior to the Closing, Parent shall prepare and give the Company and its counsel an adequate opportunity to review, and on the Closing Date, the Company and Merger Sub shall cause articles of merger in respect of the Merger to be properly executed and filed with the Secretary of State of the Commonwealth of Massachusetts under the relevant provisions of the MBCL and shall make all other filings or recordings required under the MBCL. The Merger shall become effective at such time at which the articles of merger shall be duly filed with the Secretary of State of the Commonwealth of Massachusetts or at such later time reflected in the articles of merger as shall be agreed by the Company and Parent (the time that the Merger becomes effective being the "Effective Time").

Section 1.6 Subsequent Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to continue, vest, perfect or confirm of record or otherwise the Surviving Corporation's right, title or interest in, to or under any of the rights, properties, privileges, franchises or assets of either of its constituent corporations acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger, or otherwise to carry out the intent of this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either of the constituent corporations of the Merger, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties, privileges, franchises or assets in the Surviving Corporation or otherwise to carry out the intent of this Agreement.

Section 1.7 Articles of Organization; By-laws; Directors and Officers of the Surviving Corporation. Unless otherwise agreed by Parent, Merger Sub and the Company prior to the Closing, at the Effective Time:

(a) The Articles of Organization of the Company (the "Company Articles of Organization") shall be amended at the Effective Time to read in the form of Exhibit C hereto and, as so amended, such Articles of Organization shall be the Articles of Organization of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law, subject to the provisions of Section 6.8(c);

(b) Subject to the provisions of Section 6.8(c), the By-laws of the Merger Sub as in effect immediately prior to the Effective Time shall be at and after the Effective Time (until amended as provided by law, the Company Articles of Organization and the By-laws of the Company, as applicable) the By-laws of the Surviving Corporation;

(c) The officers of Merger Sub immediately prior to the Effective Time

shall continue to serve in their respective offices of the Surviving Corporation from and after the Effective Time, until their successors are elected or appointed and qualified or until their resignation or removal; and

(d) The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation from and after the Effective Time, until their successors are elected or appointed and qualified or until their resignation or removal.

ARTICLE II

Section 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub or any Shareholder:

(a) Capital Stock of Merger Sub. All of the issued and outstanding shares of common stock, par value $.01 per share, of Merger Sub (the "Merger Sub Common Stock") shall be converted into an equal number of fully paid and nonassessable shares of common stock, $.01 par value per share, of the Surviving Corporation (the "Surviving Corporation Common Stock"), which will constitute all of the issued and outstanding shares of capital stock of the Surviving Corporation immediately after the Effective Time. From and after the Effective Time, each outstanding certificate theretofore representing shares of Merger Sub Common Stock will be deemed for all purposes to evidence ownership and to represent the same number of shares of Surviving Corporation Common Stock.

(b) Cancellation of Treasury Stock and Parent-Owned Stock. Each Company Common Share that is owned directly by the Company (as treasury stock), Parent or Merger Sub immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, without payment of any consideration in respect thereof.

(c) Conversion of Company Common Shares. (i) Subject to Sections 2.1(b) and 2.1(d), each Company Common Share issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive in cash from the Surviving Corporation the highest price per Company Common Share paid pursuant to the Offer.

(ii) The cash payable upon the conversion of Company Common Shares pursuant to this Section 2.1(c) is referred to collectively as the "Merger Consideration." At the Effective Time all such Company Common Shares shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any such shares (a "Certificate") shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration.

(d) Dissenters' Rights. (i) Notwithstanding any provision of this Section 2.1 to the contrary, any Company Common Shares that are outstanding immediately prior to the Effective Time and that are held by a Shareholder who has not voted such Company Common Shares in favor of this Agreement and who has properly exercised, preserved and perfected dissenters' rights with respect to such Company Common Shares in accordance with the MBCL, including Sections 86 through 98 thereof (the "Dissenting Provisions") and, as of the Effective Time, has neither effectively withdrawn nor lost its right to exercise such dissenters' rights ("Dissenting Shares"), will not be converted into or represent a right to receive the Merger Consideration pursuant to Section 2.1(c), but the holder thereof will be entitled to payment of the fair value of such Dissenting Shares in accordance with the Dissenting Provisions.

(ii) Notwithstanding the provisions of Section 2.1(c), if any holder of Company Common Shares who demands dissenters' rights with respect to its Company Common Shares under the MBCL effectively withdraws or loses (through failure to perfect or otherwise) its dissenters' rights, then as of the Effective Time or the occurrence of such event, whichever later occurs, such Shareholder's Company Common Shares will automatically be converted into and represent only the right to receive the Merger Consideration as provided in Section 2.1(c), without interest thereon, upon surrender of the certificate or certificates formerly representing such Company Common Shares.

(iii) The Company will give Parent (x) prompt notice of any written intent to demand payment of the fair value of any Company Common Shares, withdrawals of such demands and any other instruments served pursuant to the MBCL received by the Company and (y) the opportunity to direct all negotiations and proceedings with respect to dissenters' rights under the MBCL. The Company may not voluntarily make any payment with respect to any exercise of dissenters' rights and may not, except with the prior written consent of Parent, settle or

offer to settle any such dissenters' rights.

(e) Termination and Satisfaction of Company Options. As of the Effective Time, each Company Option issued under either (i) the Company's 1992 Equity Incentive Plan, (ii) the Company's 1994 Directors Stock Option Plan, or (iii) the Company's 1998 Employee and Consultant Non-Qualified Stock Option Plan (collectively the "Stock Option Plans") and outstanding immediately prior to the Effective Time shall be converted into the right to receive in cash an amount equal to the "Net Gain" attributable to such Company Option. At the Effective Time all such Company Options shall no longer be outstanding and shall automatically be cancelled and terminated and shall cease to exist, and each holder of a Company Option shall cease to have any rights with respect thereto, except the right to receive the Net Gain attributable thereto. For purposes of this Agreement, the term "Net Gain" with respect to a Company Option shall mean the product of (x) the excess of the Merger Consideration over the exercise price per Company Common Share of such Company Option, and (y) the number of Company Common Shares subject to such Company Option. Immediately prior to the Effective Time, Parent shall provide or cause to be provided to the Company in a timely manner the funds necessary to pay the aggregate amount of "Net Gains" attributable to all Company Options that the Company becomes obligated to pay pursuant to this Section 2.1(e). The Company shall make all payments of "Net Gains" required by this Section 2.1(e) immediately prior to the Effective Time, although it shall deduct and withhold from the amounts otherwise payable pursuant to this Section 2.1(e) such amounts as it is required to deduct and withhold with respect to the making of such payments under the Internal Revenue Code of 1986 (the "Code") or any other applicable state, local or federal tax law or tax laws of foreign jurisdictions. To the extent that amounts are so withheld by the Company, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Company Option in respect of which such withholding was made by the Company. The Surviving Corporation will promptly comply with all tax laws requiring it to forward such withheld taxes and/or pay its own taxes to the responsible Governmental Entity, as well as reporting the amount of income resulting from the payments made pursuant to this Section 2.1(e).

Section 2.2 Exchange of Certificates.

(a) Paying Agent. Prior to the Effective Time, Parent shall shall designate, or shall cause to be designated, a bank or trust company reasonably acceptable to the Company to act as agent for the payment of the Merger Consideration (the "Paying Agent") upon surrender of Certificates, and, from time to time after the Effective Time, Parent shall provide, or cause the Surviving Corporation to provide, to the Paying Agent funds in amounts and at the times necessary for the payment of the Merger Consideration pursuant to Section 2.1(c) and any payments that holders of Dissenting Shares become entitled to under Section 2.1(d) (such cash being hereinafter referred to as the "Exchange Fund"), upon surrender of Certificates, it being understood that any and all interest or income earned on funds made available to the Paying Agent pursuant to this Agreement shall be for the benefit of, and shall be paid to, Parent. If for any reason the Exchange Fund is inadequate to pay the amounts to which holders of Company Common Shares and Dissenting Shares shall be entitled under this Section 2.2(a), Parent shall take all steps necessary to enable or cause the Surviving Corporation promptly to deposit additional cash with the Paying Agent sufficient to make all payments required under this Agreement, and Parent and the Surviving Corporation shall in any event be liable for payment thereof. The Exchange Fund shall not be used for any purpose except as expressly provided in this Agreement.

(b) Exchange Procedure. As soon as reasonably practicable after the Effective Time, the Surviving Corporation shall cause the Paying Agent to mail to each holder of record of a certificate or certificates (referred to hereinafter individually as a "Certificate" and collectively as "Certificates") that immediately prior to the Effective Time represented outstanding Company Common Shares whose shares were converted into the right to receive Merger Consideration pursuant to Section 2.1, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates held by such person shall pass, only upon delivery of the Certificates to the Paying Agent and shall be in customary form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent, together with such letter of transmittal, duly completed and validly executed, and such other documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of Company Common Shares that is not registered in the stock transfer books of the Company, the proper amount of cash may be paid in exchange therefor to a person other than the person in whose name the Certificate so surrendered is registered if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such payment shall pay any transfer or other

taxes required by reason of the payment to a

person other than the registered holder of such Certificate the Merger Consideration or establish to the satisfaction of Parent that such tax has been paid or is not applicable. No interest shall be paid or shall accrue on the cash payable upon surrender of any Certificate.

(c) No Further Ownership Rights in Company Common Shares. The Merger Consideration paid upon the surrender of a Certificate in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the Company Common Shares formerly represented by such Certificate. At the Effective Time the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the Company Common Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation or the Paying Agent for transfer or any other reason, they shall be canceled and exchanged as provided in this Article II.

(d) No Liability. To the fullest extent permitted by applicable law, none of Parent, Merger Sub, the Company or the Paying Agent shall be liable to any person in respect of any cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any Certificates shall not have been surrendered prior to six years after the Effective Time (or immediately prior to such earlier date on which any Merger Consideration would otherwise escheat to or became the property of any Governmental Entity (as defined in Section 3.5(b)), any such Merger Consideration in respect thereof shall, to the fullest extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interests of any person previously entitled thereto.

(e) Lost, Stolen or Destroyed Certificates. In the event that any Certificate shall have been lost, stolen or destroyed, the Surviving Corporation or Paying Agent shall pay the Merger Consideration in exchange for such lost, stolen or destroyed Certificate, upon the making of an affidavit of that fact by the holder thereof in form and substance reasonably satisfactory to the Surviving Corporation or Paying Agent, as the case may be; provided, however, that the Surviving Corporation may, in its discretion and as a condition precedent to the payment of such Merger Consideration, require the owner of such lost, stolen or destroyed Certificate to deliver a bond in such sum as the Surviving Corporation may reasonably direct as indemnity against any claim that may be made against the Surviving Corporation or the Paying Agent with respect to such Certificate.

(f) Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of Company Common Shares for six months after the Effective Time shall be returned to Parent, upon demand, and any holder of Company Common Shares shall look as a general creditor only to Parent for payment of such cash to which such holder may be due subject to applicable law.

(g) Withholding Rights. Parent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as Parent is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by Parent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Company Common Shares in respect of which such deduction and withholding was made by Parent.

(h) Charges and Expenses. The Surviving Corporation shall pay all charges and expenses, including those of the Paying Agent, in connection with the exchange of cash for Company Common Shares.

ARTICLE III

Except as set forth in the corresponding sections or subsections of the disclosure letter, dated this date, delivered by the Company to Parent (the "Company Disclosure Letter"), the Company hereby represents and warrants to Parent and Merger Sub as follows:

Section 3.1 Organization and Qualification; Subsidiaries. (a) The Company is a corporation duly organized and validly existing under the laws of The Commonwealth of Massachusetts and with respect to which no articles of dissolution have been filed. Each of the Subsidiaries of the Company is a corporation or other business entity duly organized, validly existing and in

good standing under the laws of its jurisdiction of incorporation or organization, and each of the Company and its Subsidiaries has the requisite corporate or other organizational 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 as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned, operated or leased or the nature of its activities makes such qualification necessary, in each case except as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(b) All of the outstanding shares of capital stock and other equity securities of the Subsidiaries of the Company have been validly issued and are fully paid and nonassessable, and are owned, directly or indirectly, by the Company, free and clear of all pledges and security interests, except for a de minimis number of shares of capital stock of certain Subsidiaries that, due to the requirements of local law, must be held by the managing director (or other Person with comparable duties or responsibilities) of the Subsidiary who resides in the jurisdiction of incorporation. There are no subscriptions, options, warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) entitling any Person to purchase or otherwise acquire from the Company or any of its Subsidiaries at any time, or upon the happening of

any stated event, any shares of capital stock or other equity securities of any of the Subsidiaries of the Company. The Company Disclosure Letter lists the name and jurisdiction of incorporation or organization of each Subsidiary of the Company.

(c) Except for interests in its Subsidiaries, neither the Company nor any of its Subsidiaries owns directly or indirectly any capital stock of, or other equity or voting or similar interest (including a joint venture interest) in any Person or has any monetary or other obligation or made any commitment to acquire any such interest or make any such investment.

Section 3.2 Articles of Organization and By-laws. The Company has furnished, or otherwise made available, to Parent a complete and correct copy of the Company's Articles of Organization and its By-laws, each as amended to the date of this Agreement. Such Articles of Organization and By-laws are in full force and effect. The Company is not in violation of any of the provisions of the Articles of Organization or By-laws.

Section 3.3 Capitalization. As of November10, 2000, the authorized capital stock of the Company consists of 20,000,000 Company Common Shares, and 500,000 shares of preferred stock, $0.01 par value per share (the "Preferred Stock"), of which 100,000 shares are designated as shares of Series A Junior Participating Preferred Stock, $0.01 par value per share ("Company Preferred Shares"). As of November10, 2000, (a) 6,491,823 Company Common Shares were outstanding, (b) 6,491,823 Rights issued pursuant to the Rights Agreement were outstanding, (c) Company Options to purchase an aggregate of 1,755,486 Company Common Shares were outstanding, all of which were granted under the 1992 Equity Incentive Plan, 1994 Directors Stock Option Plan and 1998 Employee and Consultant Non-Qualified Stock Option Plan (collectively, the "Stock Option Plans"), 1,755,486 Company Common Shares were reserved for issuance upon the exercise of outstanding Company Options, 1,206,159 Company Common Shares were reserved for future grants under the Stock Option Plans and 100,000 Company Preferred Shares were reserved for issuance under the Rights Agreement, (d) 1,937,776 Company Common Shares were held by the Company in its treasury, and (e) no shares of capital stock of the Company were held by the Company's Subsidiaries. Except for the Rights, the Company has no outstanding bonds, debentures, notes or other obligations entitling the holders thereof to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter. Since November 10, 2000, the Company (i) has not issued any Company Common Shares other than upon the exercise of Company Options, (ii) has granted no Company Options to purchase Company Common Shares under the Stock Option Plans or otherwise, and (iii) has not split, combined or reclassified any of its shares of capital stock. All issued and outstanding Company Common Shares are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Except for the Rights, there are no other shares of capital stock or voting securities of the Company, and no existing options,

warrants, calls, subscriptions, convertible securities, or other rights, agreements or commitments which obligate the Company or any of its Subsidiaries to issue, transfer or sell any shares of capital stock of, or equity interests in, the Company or any of its Subsidiaries and there are no stock appreciation rights or limited stock appreciation rights outstanding other than those attached to such Company Options. There are no outstanding obligations of the

Company or any Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of the Company and there are no performance awards outstanding under the Stock Option Plans or any other outstanding stock related awards. After the Effective Time, the Surviving Corporation will have no obligation to issue, transfer or sell any shares of capital stock of the Company, the Parent or the Surviving Corporation pursuant to any Company Benefit Plan, including the Stock Option Plans. There are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of capital stock of the Company or any of its Subsidiaries. No Company Common Shares have been repurchased by the Company or any of its Subsidiaries since May 10, 2000. For purposes of this Agreement, "Company Options" shall mean subscriptions, options (including those granted under the Stock Option Plans), warrants, calls, commitments, agreements, conversion rights or other rights of any character (contingent or otherwise) to purchase or otherwise acquire from the Company or any of its Subsidiaries at any time, or upon the happening of any stated event, any shares of the capital stock of the Company, whether or not then exercisable by their terms.

Section 3.4 Power and Authority; Authorization; Valid and Binding.(a) The Company has the requisite corporate power and authority to execute and deliver this Agreement and, subject to the approval of the Merger and this Agreement by an affirmative vote of the holders of not less than a majority of the outstanding shares of Company Common Shares (the "Shareholder Approval"), to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company, the performance by it of its obligations hereunder and the consummation by the Company of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of the Company (other than the Shareholder Approval). This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery of this Agreement by Parent and Merger Sub, this Agreement constitutes a legal, valid and binding obligation (subject to the Shareholder Approval) of the Company enforceable against it in accordance with the terms hereof, subject to bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The Board of Directors, at a meeting duly called and held, or by unanimous written consent, has adopted resolutions (x) determining that the terms of this Agreement, the Offer and the Merger are fair to and in the best interests of the Company and the Shareholders, (y) approving this Agreement and the transactions contemplated hereby, including the Offer and the Merger, and (z) resolving to recommend that the Shareholders accept the Offer and tender their Company Common Shares pursuant to the Offer (the determinations, approvals and recommendations of the Company Board being hereinafter collectively referred to as the "Recommendation"). Assuming the accuracy of Parent's and Merger Sub's representation in Section 4.4, such resolutions are necessary to render inapplicable to Parent and Merger Sub and this Agreement and the transactions contemplated hereby, including the Offer and the Merger, the provisions of Chapter 110C (assuming the requirement that the terms of the Offer be furnished to the Shareholders is satisfied), Chapter 110D and Chapter 110F of the MBCL.

Section 3.5 No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by the Company do not, and the performance by the Company of its obligations hereunder and the consummation by the Company of the transactions contemplated hereby, will not (i) violate or conflict with the Articles of Organization or the By-laws of the Company, (ii) subject to obtaining or making the notices, reports, filings, waivers, consents, approvals and authorizations referred to in paragraph (b) below, conflict with or violate any law, regulation, court order, judgment or decree applicable to the Company or any of its Subsidiaries or by which any of their respective property is bound or affected, other than the filings required under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act, (iii) subject to obtaining or making the notices, reports, filings, waivers, consents, approvals and authorizations referred to in paragraph (b) below, require any consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity or (iv) result in any 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, cancellation, vesting or acceleration of any obligation under, result in the creation of a lien, claim or encumbrance on any of the properties or assets of the Company or any of its Subsidiaries pursuant to, result in the loss of any benefit under (including an increase in the price paid by, or cost to, the Company or any of its Subsidiaries), require the consent of any other party to, or result in any obligation on the part of the Company or any of its Subsidiaries to repurchase (with respect to a bond or a note), any agreement, contract, instrument, bond, note, indenture, permit, license or franchise to which the Company or any of its Subsidiaries is a party or by which the Company, any of its Subsidiaries or any of their respective property is bound or affected, except, in the case of

clauses (ii), (iii) and (iv) above, as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(b) Except for applicable requirements under the premerger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and for applicable requirements under antitrust laws of any foreign jurisdiction, the filing of articles of merger with respect to the Merger as required by the MBCL and other filings with states in which the Company is qualified to do business, filings with the SEC under the Securities Act, and the Exchange Act, any filings required pursuant to any state securities or "blue sky" laws, or pursuant to the rules and regulations of the Nasdaq Stock Market or any other stock exchange on which the Company Common Shares are listed, neither the Company nor any of its Subsidiaries is required to submit any notice, report or other filing with any Governmental Entity in connection with the execution, delivery, performance or consummation of this Agreement or the Merger. Except as set forth in the immediately preceding sentence, no waiver, consent, approval or authorization of any governmental or regulatory authority, court, agency, commission or other governmental entity, domestic or foreign, or any securities exchange or other self-regulatory body, domestic or foreign (each a "Governmental Entity"), is required to be obtained by the Company or any of its Subsidiaries in connection with its execution, delivery, performance or consummation of this Agreement or the transactions contemplated hereby except for such waivers, consents, approvals or authorizations that, if not obtained or made, would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

Section 3.6 SEC Reports; Financial Statements.(a) The Company has filed all forms, reports and other documents required to be filed by it with the SEC since January 1, 1998, including any amendments or supplements (collectively, including any such forms, reports and documents filed after this date, the "SEC Reports"), and, with respect to the SEC Reports filed by the Company after the date hereof and prior to the Closing Date, will deliver or make available to Parent all of its SEC Reports in the form filed with the SEC. The SEC Reports (i) were (and any SEC Reports filed after this date will be) in all material respects in compliance with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations promulgated thereunder, and (ii) as of their respective filing dates, did not (and any SEC Reports filed after the date hereof and prior to the Closing Date will not) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements of the Company, including all related notes and schedules, contained in the SEC Reports (or incorporated therein by reference) fairly present (or, with respect to financial statements contained in the SEC Reports filed after this date, will fairly present) the consolidated financial position of the Company and its consolidated subsidiaries as of the respective dates thereof and the

consolidated results of operations, retained earnings and cash flows of the Company and its consolidated subsidiaries for the respective periods indicated, in each case have been prepared in accordance with generally accepted accounting principles ("GAAP"), applied on a consistent basis throughout the periods involved (except for changes in accounting principles disclosed in the notes) and the rules and regulations of the SEC, except that interim financial statements are subject to normal year-end adjustments which are not and are not expected to be, individually or in the aggregate, material in amount and do not include certain notes which may be required by GAAP but which are not required by Form 10-Q of the SEC.

Section 3.7 Absence of Certain Changes.Except as disclosed in the SEC Reports filed prior to this date (which SEC Reports for the period ended September 30, 2000 will not contain financial statements that are materially different from those financial statements for such period that were previously provided to Parent and Merger Sub and included in the Company Disclosure Letter), (a) since September 30, 2000, the Company and each of its Subsidiaries has conducted its business in the ordinary and usual course of its business consistent with past practice and there has not been any change in the financial condition, business, prospects or results of operations of the Company and its Subsidiaries, or any development or combination of developments that, individually or in the aggregate, has had or would be expected to have a Material Adverse Effect and (b) since September 30, 2000, there has not been any action by the Company which if taken after the date hereof would constitute a breach of Section 5.1 hereof.

Section 3.8 Litigation and Liabilities.(a) Except as disclosed in the SEC Reports filed prior to this date, or in the Company Disclosure Letter, there are no civil, criminal or administrative actions, suits, proceedings (including condemnation proceedings) or hearings, pending or, to the knowledge of the Company, threatened against, the Company or any of its Subsidiaries or any of their respective properties and assets, except for any of the foregoing which would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any of its Subsidiaries has any liabilities or obligations, (absolute, accrued, contingent or otherwise), except (i) liabilities and obligations in the respective amounts reflected or reserved against in the Company's consolidated balance sheet as of September 30, 2000 included in the SEC Reports, (ii) liabilities and obligations incurred in the ordinary course of business since September 30, 2000 consistent with past practice which individually or in the aggregate would not have or reasonably be expected to have a Material Adverse Effect, (iii) liabilities permitted to be incurred pursuant to Section 5.1 or (iv) liabilities or obligations relating to matters disclosed in the Company Disclosure Letter.

Section 3.9 No Violation of Law; Permits. The business of the Company and each of its Subsidiaries is not in violation of any statutes of law, ordinances regulations, judgments, orders or decrees of any Governmental Entity, any permits, franchises, licenses, authorizations or consents granted by any Governmental Entity, and the Company and each of its Subsidiaries has obtained all permits, franchises, licenses, authorizations or consents necessary for the conduct of its business, except, with respect to each of the matters herein, as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is subject to any cease and desist or other order, judgment, injunction or decree issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, is a party to any commitment letter or similar undertaking to, is subject to any order or directive by, or has adopted any board resolutions at the request of, any Governmental Entity that restricts the conduct of its business (whether the type of business, the location or otherwise) and which, individually or in the aggregate, would have or reasonably be expected to have a Material Adverse Effect, nor has the Company been advised that any Governmental Entity has proposed issuing or requesting any of the foregoing.

Section 3.10 Employee Matters; ERISA. (a) Set forth in the Company Disclosure Letter is a complete list of each Company Benefit Plan. The term "Company Benefit Plan" shall mean (i) each plan, program, policy, contract or agreement providing for compensation, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other employee benefits of any kind, including, without limitation, any "employee benefit plan," within the meaning of Section 3(3) of ERISA but excluding any "multiemployer plan" within the meaning of Sections 3(37) or 4001(a)(3) of ERISA, and (ii) each employment, severance, consulting, non-compete, confidentiality, or similar agreement or contract, in case of each of (i) and (ii) with respect to which the Company or any Subsidiary of the Company has or may have any liability (accrued, contingent or otherwise) sponsored or maintained for its United States employees. As of the date hereof, neither the Company nor any Subsidiary of the Company or other entity considered to be a single employer with the Company under Section 4001(a)(15) of ERISA or Section 414 of the Code (a "Company ERISA Affiliate") is a party to any Company Multiemployer Plan. The term "Company Multiemployer Plan" shall mean any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA in respect to which the Company or any Subsidiary of the Company, or any Company ERISA Affiliate of the Company has or may have any liability (accrued, contingent or otherwise). No current or future liabilities for plans or arrangements similar to those described in subsections (i) and (ii) above sponsored or maintained by either the Company or any Subsidiary and in effect for employees of the Company's Subsidiaries outside the United States would have or reasonably be expected to have a Material Adverse Effect.

(b) The Company has provided or made available, or has caused to be provided or made available, to Parent (i) current, accurate and complete copies of all documents embodying each Company Benefit Plan, including all amendments, written interpretations (which interpretation could be regarded as increasing the liabilities of the Company and its Subsidiaries taken as a whole under the relevant Company Benefit Plan) and all trust or funding agreements with respect thereto; (ii) the most recent annual actuarial valuation, if any, prepared for each Company Benefit Plan; (iii) the most recent annual report (Series 5500 and

all schedules), if any, required under ERISA in connection with each Company Benefit Plan or related trust; (iv) the most recent determination letter received from the Internal Revenue Service, if any, for each Company Benefit Plan and related trust which is intended to satisfy the requirements of Section 401(a) of the Code; (v) if any Company Benefit Plan is funded, the most recent annual and periodic accounting of such Company Benefit Plan's assets; (vi) the most recent summary plan description together with the most recent summary of material modifications, if any, required under ERISA with respect to each Company Benefit Plan; and (vii) all material communications to any one or more current, former or retired employee, officer, consultant, independent contractor, agent or director of the Company or any Subsidiary of the Company (each, a "Company Employee" and collectively, the "Company Employees") relating to each Company Benefit Plan (which communication could be regarded as increasing the liabilities of the Company and its Subsidiaries taken as a whole under the relevant Company Benefit Plan).

(c) All Company Benefit Plans have been administered in all respects in accordance with the terms thereof and all applicable laws except for violations which, individually or in the aggregate, would not have or reasonably be expected to have a Material Adverse Effect. Each Company Benefit Plan which is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA ("Pension Plan") and which is intended to be qualified under Section 401(a) of the Code (each, an " Company Pension Plan"), has received a favorable determination letter from the Internal Revenue Service, and the Company is not aware of any circumstances that would reasonably be expected to result in the revocation or denial of this qualified status. Except as otherwise set forth in the Company Disclosure Letter or in the SEC Reports filed prior to this date, there is no pending or, to the Company's knowledge, threatened, claim, litigation, proceeding, audit, examination or investigation relating to any Company Benefit Plans or Company Employees that, individually or in the aggregate, would have or reasonably be expected to have a Material Adverse Effect.

(d) No Company Benefit Plan nor any plan sponsored by any Subsidiary or any Company ERISA Affiliate is subject to Title IV of ERISA.

(e) All contributions, premiums and payments (other than contributions, premiums or payments that are not material, in the aggregate) required to be made under the terms of any Company Benefit Plan have been made.

(f) Except as set forth in the Company Disclosure Letter, the execution of, and performance of the transactions contemplated in, this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) (i) constitute an event under any Company Benefit Plan, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting (except as may be required by law), distribution, increase in benefits or obligation to fund benefits with respect to any Company Employee, or (ii) result in the triggering or imposition of any restrictions or limitations on the right of the Company, any Subsidiary of the Company or Parent to amend or terminate any Company Benefit Plan. Except as set forth in the Company Disclosure Letter, no payment or benefit which will or may be made by the Company, any Subsidiary of the Company, Parent or any of their respective affiliates with respect to any Company Employee will be characterized as an "excess parachute payment," within the meaning of Section 280G(b)(1) of the Code.

(g) Set forth in the Company Disclosure Letter is a list of all outstanding and unexercised options granted under the Company's Stock Option Plans, specifying the name of each optionee, the date on which each option was granted, the number of shares that may be purchased pursuant to each option, the exercise price at which such shares may be purchased, the vesting period for each option, and the expiration date of each option. Immediately prior to the Closing, there will be no Company Options outstanding.

Section 3.11 Labor Matters. Except as set forth in the SEC Reports filed prior to this date, and except for those matters that would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect, there is no (i) work stoppage, slowdown, lockout or labor strike against the Company or any Subsidiary of the Company by Company Employees (or any union that represents them) pending or, to the knowledge of the Company, threatened, or (ii) alleged unfair labor practice, labor dispute (other than routine grievances), union organizing activity or labor arbitration proceeding pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries relating to their businesses. Neither the Company nor any of its Subsidiaries is a party to, or bound by, any collective bargaining agreement or other contracts with a labor union or labor organization. The Company is in compliance with all laws regarding employment, employment practices, terms and conditions of employment and wages and laws, except for such noncompliance which, either individually or in the aggregate, would not have or reasonably be expected to have a Material Adverse Effect. Except as set forth in the Company

Disclosure Letter, to the knowledge of the Company, no employee of the Company or any of its Subsidiaries

having total annual compensation of more than $50,000 has given oral (within the two months immediately preceding the date of this Agreement) or written notice of intent to terminate such employee's employment.

Section 3.12 Environmental Matters. Except (1) as set forth in the SEC Reports filed prior to this date, or in the Company Disclosure Letter; and (2) for those matters that do not, individually or in the aggregate, have or are reasonably expected to have a Material Adverse Effect (for purposes of Section 3.12(c)(ii), 3.12(c)(iii) (relating to any real or personal property not owned by the Company or its Subsidiaries at present or in the past), 3.12(d)(ii) and 3.12(e) (relating to property not owned by the Company or its Subsidiaries at present or in the past) only, the dollar thresholds for determining whether a matter or matters constitute a Material Adverse Effect shall be $1,000,000 individually or $6,000,000 in the aggregate):

(a) The Company and each of its Subsidiaries is in compliance with all applicable Environmental Laws, and neither the Company nor any of its Subsidiaries has received any written communication from any Person or Governmental Entity that alleges that the Company or any of its Subsidiaries is not in compliance with applicable Environmental Laws.

(b) The Company and each of its Subsidiaries has obtained or has applied for all applicable environmental, health and safety permits, licenses, variances, approvals and authorizations required under Environmental Laws (collectively, the "Environmental Permits") necessary for the construction of its facilities or the conduct of its operations, and all those Environmental Permits are in effect or, where applicable, a renewal application has been timely filed and is pending agency approval, and the Company and its Subsidiaries are in compliance with all terms and conditions of such Environmental Permits. All Environmental Permits of the Company and its Subsidiaries are listed in the Company Disclosure Letter referencing this Section 3.12(b), and the Company and its Subsidiaries previously has made available to Parent and Merger Sub true, correct and complete copies of all such Environmental Permits.

(c) There is no Environmental Claim pending or, to the knowledge of the Company, threatened (i) against the Company or any of its Subsidiaries, (ii) against any Person whose liability for any Environmental Claim has been retained or assumed contractually by the Company or any of its Subsidiaries, or (iii) against any real or personal property or operations which the Company or any of its Subsidiaries owns, leases or operates, in whole or in part.

(d) There have been no Releases of any Hazardous Material that the Company reasonably believes form the basis of any Environmental Claim (i) against the Company or any of its Subsidiaries, or (ii) against any Person whose liability for any

Environmental Claim has been retained or assumed contractually by the Company or any of its Subsidiaries.

(e) None of the properties owned, leased or operated by the Company, its Subsidiaries or any predecessor thereof are now, or were in the past, listed on the National Priorities List of Superfund Sites or any analogous state list (excluding easements that transgress those Superfund sites).

For purposes of this Agreement:

(i) "Environmental Claim" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any Person (including any federal, state, local or foreign governmental authority) alleging potential liability (including, without limitation, potential responsibility for or liability for enforcement, investigatory costs, cleanup costs, governmental response costs, removal costs, remedial costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (A) the presence, or Release or threatened Release into the environment, of any Hazardous Materials at any location, whether or not owned, operated, leased or managed by the Company or any of its Subsidiaries; or (B) circumstances forming the basis of any violation or alleged violation of any Environmental Law; or (C) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence or Release of any Hazardous Materials.

(ii) "Environmental Laws" means all applicable foreign, federal, state and local laws, rules, requirements and regulations relating to the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or protection of human health as it relates to the environment including, without limitation, laws and regulations relating to Releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or relating to management of asbestos in buildings.

(iii) "Hazardous Materials" means (A) any petroleum or any by-products or fractions thereof, asbestos or asbestos-containing materials, urea formaldehyde foam insulation, any form of natural gas, explosives, polychlorinated biphenyls ("PCBs"), radioactive materials, ionizing radiation, electromagnetic field radiation or microwave transmissions; (B) any chemicals, materials or substances, whether waste materials, raw materials or finished products, which are now defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous substances," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutants," "contaminants" or words of similar import

under any Environmental Law; and (C) any other chemical, material or substance, whether waste materials, raw materials or finished products, regulated under any Environmental Law.

(iv) "Release" means any release, spill, emission, leaking, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including without limitation ambient air, atmosphere, soil, surface water, groundwater or property).

Section 3.13 [Intentionally omitted.]

Section 3.14 Brokers. Set forth in the Company Disclosure Letter is a list of each broker, finder or investment banker and other Person entitled to any brokerage, finder's, investment banking or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company or any of its Subsidiaries and the expected amounts of such fees and commissions. The Company has previously provided to Parent copies of any agreements giving rise to any such fee or commission.

Section 3.15 Tax Matters. Except (1) as set forth in the SEC Reports filed prior to this date, and (2) for those matters that do not, individually or in the aggregate, have or are reasonably likely to have a Material Adverse Effect:

(a) All Tax Returns required to be filed by the Company or its Subsidiaries on or prior to the Effective Time have been or will be prepared in good faith and timely filed with the appropriate Governmental Entity on or prior to the Effective Time and all such Tax Returns are (or, as to Tax Returns not filed on the date hereof, will be) complete and accurate in all respects.

(b) All Taxes that are required to be paid by the Company or its Subsidiaries, either (x) have been fully paid on a timely basis (except with respect to matters contested in good faith as set forth in the Company Disclosure Letter) or (y) are adequately reflected as a liability on the Company's or its Subsidiaries' books and records and financial statements and remitted to the appropriate Governmental Entity. All Taxes required to be collected or withheld from third parties by the Company or its Subsidiaries have been collected or withheld.

(c) The Company and its Subsidiaries have made due and sufficient accruals and reserves for their respective liabilities for Taxes in their respective books and records and financial statements.

(d) The Company and each of its Subsidiaries have not waived any statute of limitations, or agreed to any extension of time, with respect to Taxes or a Tax assessment or deficiency, which waiver or extension is in effect.

(e) As of this date, (A) there are not pending or, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes or Tax matters and (B) there are not any unresolved questions or claims concerning the Company's or any of its Subsidiary's Tax liability that

(i) were raised by any taxing authority in a communication to the Company or any Subsidiary and (ii) would be individually or in the aggregate, material to the Company and its Subsidiaries taken as a whole, after taking into account any reserves for Taxes set forth on the most recent balance sheet contained in the SEC Reports filed prior to this date.

(f) The Company has made available to Parent true and correct copies of the United States federal income and all state income or franchise Tax Returns filed by the Company and its Subsidiaries for each of its fiscal years ended on or about December 31, 1997, 1998 and 1999.

(g) The Company has not distributed the stock of a "controlled corporation" (as defined in section 355(a) of the Code) in a transaction subject to section 355 of the Code within the past two years or before such time if the distribution was part of a plan (or series of related transactions) of which the Merger is also a part.

(h) Neither Company nor any of its Subsidiaries (i) has any liability under Treasury Regulation Section 1.1502-6 or analogous state, local or foreign Law for any Taxes, other than for Taxes of Company or its Subsidiaries or (ii) is a party to a Tax sharing or Tax indemnity contract or any other contract of a similar nature with any entity other than Company or any of its Subsidiaries that remains in effect.

As used in this Agreement, (i) the term "Tax" (including, with correlative meaning, the terms "Taxes" and "Taxable") includes all federal, state, local and foreign income, profits, franchise, gross receipts, license, premium, environmental (including taxes under Section 59A of the Code), capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, transfer, property, withholding, excise, production, occupation, windfall profits, customs duties, social security (or similar), registration, value added, alternative or add-on minimum, estimated, occupancy and other taxes, duties or governmental assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions, and (ii) the term "Tax Return" includes all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority relating to Taxes.

Section 3.16 Intellectual Property. Neither the Company nor any of its Subsidiaries currently utilizes, any patented invention, trademark, trade name, service mark, copyright, software, trade secret or know-how (collectively, "Intellectual Property"), except for those which are owned, possessed or lawfully used by the Company or its Subsidiaries in their business operations, and neither the Company nor any of its Subsidiaries infringes upon or unlawfully uses any patented invention, trademark, trade name, service mark, copyright, or trade secret owned or validly claimed by another Person except, in each case, as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries own, have a valid license to use or have the right validly to use all patented inventions, trademarks, tradenames, service marks, copyrights, trade secrets, know how and software necessary to carry on their respective businesses except the failure of which to own, validly license or have the right validly to use, individually or in the aggregate, would not have or reasonably be expected to have a Material Adverse Effect. All ownership rights, license rights and other rights to use any patented invention, trademark, trade name, service mark, copyright, software (except for commercial software programs that are generally available to the public through dealers in commercial software or directly from the manufacturer which have been licensed to the Company), trade secret or know-how necessary to carry on the businesses of the Company and its Subsidiaries are transferable free of any lien, pledge, charge, security interest or other encumbrance (each, an "Encumbrance"), except the failure of which to be freely transferable would not have or reasonably be expected to have a Material Adverse Effect. Neither the Company nor its Subsidiaries are aware of any third party infringement or misappropriation of any patent, trademark, trade name, service mark, copyright, software, trade secret or know-how owned by the Company or its Subsidiaries.

Section 3.17 Insurance. Except to the extent adequately accrued on the most recent balance sheet contained in the SEC Reports filed as of this date, neither the Company nor its Subsidiaries has any obligation (contingent or otherwise) to pay in connection with any insurance policies any retroactive premiums or "retro-premiums" that, individually or in the aggregate, would have or reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries have obtained and maintained in full force and effect insurance with insurance companies or associations in such amounts, on such terms and covering such risks, as is customarily carried by reasonably prudent persons conducting businesses or owning or leasing assets similar to those conducted, owned or leased by the Company, except where the failure to obtain or maintain such insurance, individually or in the aggregate, would not have or be reasonably be expected to have a Material Adverse Effect.

Section 3.18 Contracts and Commitments. Set forth in the Company Disclosure Letter is a complete and accurate list of all of the following contracts (written or oral),

plans, undertakings, commitments or agreements ("Company Contracts") to which the Company or any of its Subsidiaries is a party or by which any of them is bound as of the date of this Agreement:

(a) each distribution, supply, inventory purchase, franchise, license, joint development, sales, agency or advertising contract involving annual expenditures or liabilities in excess of $200,000 which is not cancelable (without material penalty, cost or other liability) within one year;

(b) each promissory note, loan, agreement, indenture, evidence of indebtedness or other instrument providing for the lending of money, whether as borrower, lender or guarantor, in excess of $100,000;

(c) each contract, lease, agreement, instrument or other arrangement containing any covenant limiting the freedom of the Company or any of its subsidiaries to engage in the business of the Company or compete with any person;

(d) each joint venture or partnership agreement that is material to the Company and its Subsidiaries taken as a whole; and

(e) any contract that would constitute a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC).

True and complete copies of the written Company Contracts, as amended to date, that would be required to be filed as exhibits to the Company's Form 10-K if such Form 10-K were being filed on this date, that have not been filed prior to the date hereof as exhibits to the SEC Reports have been delivered or made available to Parent.

Each Company Contract is valid and binding on the Company, and any Subsidiary of the Company which is a party thereto and, to the knowledge of the Company, each other party thereto and is in full force and effect, and the Company and its Subsidiaries have performed and complied with all obligations required to be performed or complied with by them under each Company Contract, except in each case as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

Section 3.19 Title to Assets. The Company and its Subsidiaries have good and marketable title to all of their real and personal properties and assets reflected in the unaudited consolidated balance sheet of the Company as of September 30, 2000 (the "Latest Balance Sheet") (other than assets disposed of since September 30, 2000 in the ordinary course of business, and properties and assets acquired since September 30, 2000), in each case free and clear of all Encumbrances except for (i) Encumbrances which secure indebtedness reflected in the SEC Reports; (ii) liens for Taxes accrued but

not yet due; (iii) liens arising as a matter of law in the ordinary course of business with respect to obligations incurred after the date of the Latest Balance Sheet, provided that the obligations secured by such liens are not delinquent; and (iv) such imperfections of title and Encumbrances, if any, as would not have or reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries own, or have valid leasehold interests in, all properties and assets used in the conduct of their business. Any real property and other assets held under lease by the Company or any of its Subsidiaries are held under valid, subsisting and enforceable leases with such exceptions which, individually or in the aggregate, would not reasonably be expected to interfere with the use made or proposed to be made by the Company or any of its Subsidiaries of such property.

Section 3.20 State Takeover Statutes. The Board of Directors of the Company has approved the Offer, the Merger and this Agreement and, assuming the accuracy of Parent's and Merger Sub's representation in Section 4.4, such approval is necessary to render inapplicable to the Offer, the Merger, this Agreement and the transactions contemplated by this Agreement, the provisions of Chapters 110D and 110F of the Massachusetts General Laws to the extent, if any, such chapters are applicable to the transactions contemplated by this Agreement. No other "fair price," "merger moratorium," "control share acquisition" or other anti-takeover statute or similar statute or regulation (other than Chapter 110C

of the Massachusetts General Laws) applies or purports to apply to the Merger, this Agreement, the Offer or any of the transactions contemplated hereby or thereby.

Section 3.21 Rights Agreement. To the best of the Company's knowledge, no "Distribution Date" or "Triggering Event" (as such terms are defined in the Rights Agreement) has occurred as of this date. This Agreement and the Option Agreement and the consummation of the transactions contemplated hereunder and thereunder, including the Offer and the Merger, have been approved by at least two-thirds (2/3) of the Continuing Directors (as defined in the Rights Agreement). The Rights Agreement has been amended so that the execution or delivery of this Agreement, the acquisition or deemed beneficial ownership of any Company Common Shares by Parent or Merger Sub pursuant to the Shareholders Agreement or the Option Agreement, or the exchange of the Company Common Shares for cash in accordance with Article II will not cause (A) the Rights issued pursuant to the Rights Agreement to become exercisable under the Rights Agreement, (B) Parent or Merger Sub to be deemed an "Acquiring Person" (as defined in the Rights Agreement), or (C) a "Stock Acquisition Date" or a "Triggering Event" (each as defined in the Rights Agreement) to occur upon any such event. The execution and delivery of this Agreement, the Option Agreement and the Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby will not result in the ability of any Person to exercise any Rights or cause the Rights to separate from the

Company Common Shares to which they are attached or to be triggered or become exercisable.

Section 3.22 Product Warranty. Each product manufactured, sold, leased, or delivered by any of the Company and its Subsidiaries has been in substantial conformity with all applicable contractual commitments and all express and implied warranties, and none of the Company and its Subsidiaries has any liability (and there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any liability) for replacement or repair thereof or other damages in connection therewith other than liabilities that would not have or reasonably be expected to have a Material Adverse Effect, subject only to the reserve for product warranty claims as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company and its Subsidiaries. No product manufactured, sold, leased, or delivered by any of the Company and its Subsidiaries is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. The Company has provided the Parent on or prior to the date hereof copies of the standard terms and conditions of sale or lease of products for each of the Company and its Subsidiaries (containing applicable guaranty, warranty, and indemnity provisions).

Section 3.23 Product Liability. None of the Company and its Subsidiaries has any liability (and there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any liability) arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, or delivered by any of the Company and its Subsidiaries, other than liabilities that would not have or reasonably be expected to have a Material Adverse Effect.

Section 3.24 Opinion Of Financial Advisor.

The Company has received the written opinion of Broadview International LLC, substantially to the effect that, as of the date hereof, the consideration to be received in the Offer and the Merger by the Shareholders is fair to the Shareholders from a financial point of view. A true and complete copy of such opinion has been delivered to Parent.

ARTICLE IV

Parent and Merger Sub hereby represent and warrant to the Company as of the date of this Agreement as follows:

Section 4.1 Existence; Corporate Authority. Parent and Merger Sub are corporations duly incorporated, validly existing and in good standing under the laws of their jurisdiction of incorporation and have all requisite corporate

power and authority to own, operate and lease its properties and carry on its business as now conducted, except where the failure to have such power and authority, individually or in the aggregate, would not delay the consummation of the Offer or the Merger or materially adversely affect their ability to consummate the Offer or the Merger. Merger Sub is directly and wholly owned by Parent and has conducted no business other than in connection with the transactions contemplated by this Agreement.

Section 4.2 Authorization, Validity and Effect of Agreements. Each of Parent and Merger Sub has the necessary corporate power and authority to enter into and deliver this Agreement and to perform their obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of Parent and Merger Sub, the performance by each of them of their respective obligations hereunder and the consummation by each of Parent and Merger Sub of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on their respective parts. This Agreement has been duly executed and delivered by each of Parent and Merger Sub and, assuming the due authorization, execution and delivery of this Agreement by the Company, this Agreement constitutes a legal, valid and binding obligation of each of Parent and Merger Sub enforceable against each of them in accordance with the terms hereof, subject to bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.3 No Violation. (a) The execution and delivery of this Agreement by Parent and Merger Sub does not, and the performance by Parent and Merger Sub of their obligations hereunder and the consummation by Parent and Merger Sub of the transactions contemplated hereby, will not (i) violate or conflict with the Merger Sub's articles of organization, Parent's certificate of incorporation or the bylaws of Parent or Merger Sub, (ii) subject to obtaining or making the notices, reports, filings, waivers, consents, approvals or authorizations referred to in paragraph (b) below, conflict with or violate any law, regulation, court order, judgment or decree applicable to Parent or any of its Subsidiaries (including Merger Sub) or by which any of their respective property is bound or affected, other than the filings required under the Exchange Act and the

Securities Act, except, in the case of clause (ii) above, as would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on their ability to consummate the Offer or the Merger.

(b) Except for applicable requirements, if any, under the premerger notification requirements of the HSR Act, the filing of articles of merger with respect to the Merger as required by the MBCL, filings with the SEC under the Securities Act and the Exchange Act, any filings required pursuant to any state securities or "blue sky" laws, or pursuant to the rules and regulations of any stock exchange on which shares of Parent Common Stock are listed, neither Parent nor any of its Subsidiaries (including Merger Sub) is required to submit any notice, report or other filing with any Governmental Entity in connection with the execution, delivery, performance or consummation of the transactions contemplated by this Agreement, including the Offer and the Merger, except where the failure to submit such notice, report or other filing would not, individually or in the aggregate, delay the consummation of the Offer or the Merger or have or reasonably be expected to have a material adverse effect on Parent's or Merger Sub's ability to consummate the Merger or otherwise prevent Parent or Merger Sub from performing its obligations under this Agreement. Except as set forth in the immediately preceding sentence, no waiver, consent, approval or authorization of any governmental or regulatory authority, court, agency, commission or other governmental entity or any securities exchange or other self-regulatory body, domestic or foreign Governmental Entity is required to be obtained by Parent or any of its Subsidiaries (including Merger Sub) in connection with its execution, delivery, performance or consummation of this Agreement or the transactions contemplated hereby except for such waivers, consents, approvals or authorizations that, if not obtained or made, would not, individually or in the aggregate, delay the consummation of the Offer or the Merger or have or be expected to have a material adverse effect on Parent's or Merger Sub's ability to consummate the Offer or the Merger or otherwise prevent Parent or Merger Sub from performing their obligations under this Agreement.

Section 4.4 Interested Shareholder. As of the date hereof (excluding any beneficial ownership that may be attributed to Parent or Merger Sub by virtue of any transaction contemplated by this Agreement or by the execution of this Agreement), (i) neither Parent, Merger Sub nor any of their affiliates is, with respect to the Company, an "Interested Shareholder", as such term is defined in Chapter 110F of the MBCL and (ii) neither Parent, Merger Sub nor any of their affiliates beneficially owns any Company Common Shares.

Section 4.5 Parent Public Reports; Financial Statements. Parent has delivered to the Company true and complete copies of, including all amendments thereto, its Annual Report for the calendar year ended December 31, 1999, the annual report on Form

10-K for the year ended December 31, 1999, and the quarterly reports on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000 (collectively, the "Parent Public Reports"). The consolidated financial statements of Parent contained in the Parent Public Reports present fairly the financial position of Parent and its consolidated subsidiaries at the respective dates of the balance sheet and the results of operations for the periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis. The Parent Public Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Section 4.6 Financial Ability to Perform. Parent and Merger Sub will have cash funds sufficient as and when needed to pay (a) all cash payments for Company Common Shares tendered in connection with the Offer and the Merger, (b) the aggregate amount of Net Gains attributable to all Company Options that the Company becomes obligated to pay pursuant to Section 2.1(e) of this Agreement, and (c) all related fees and expenses.

Section 4.7 Brokers. No broker, finder, financial advisor or investment banker and other Person is entitled to any brokerage, finder's, financial advisor's investment banking or other similar fee or commission in connection with the Offer, the Merger or the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent, other than Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch").

Section 4.8 Opinion Of Financial Advisor.

Parent has received an oral opinion of Merrill Lynch (which opinion will be confirmed in writing dated the date of this Agreement), substantially to the effect that, as of such date, the consideration to be paid in the Offer and the Merger to the Shareholders is fair to Parent from a financial point of view.

Section 4.9 Litigation. There is no civil, criminal or administrative action, suit, claim, proceeding, hearing or investigation pending or, to the knowledge of Parent or its Subsidiaries (including Merger Sub), threatened against, or otherwise adversely affecting Parent or its Subsidiaries (including Merger Sub) or any of their respective properties and assets that (a) has or reasonably would be expected to have a material adverse effect on the ability of Parent and Merger Sub to consummate the Offer or the Merger or (b) seeks to materially delay or prevent the consummation of the Offer or the Merger or otherwise prevent either Parent or Merger Sub from performing their respective obligations under this Agreement. Neither Parent or its Subsidiaries (including Merger Sub) nor any property or asset of Parent or its Subsidiaries (including Merger Sub) is subject to any continuing order of, consent decree, settlement agreement or similar written agreement

with, or continuing investigation by, any Governmental Entity, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Entity that would prevent or materially delay consummation of the Offer of the Merger or otherwise prevent or materially delay Parent or Merger Sub from performing their respective obligations under this Agreement or have or reasonably be expected to have a material adverse effect on the ability of Parent and Merger Sub to consummate the Offer or the Merger; provided, however that a material adverse effect with respect to Parent and its Subsidiaries (including Merger Sub), taken as a whole, will not be deemed to have occurred if the change, circumstance, event, effect or state of facts results primarily from (i) changes in general business conditions in the input device industry or (ii) the public announcement by the Company or pendency of the Merger.

ARTICLE V

Section 5.1 Interim Operations of The Company. The Company covenants and agrees as to itself and its Subsidiaries that, after the date hereof, until the earlier to occur of (a) the termination of this Agreement pursuant to Section 8.1 and (b) the Effective Time (unless Parent shall otherwise approve in writing, or unless as otherwise expressly contemplated by this Agreement or expressly disclosed in the Company Disclosure Letter):

(i) the business of the Company and its Subsidiaries (other than the

Company's Subsidiary in Australia) taken as a whole shall be conducted in all material respects in the ordinary and usual course consistent with the Company's past practice and, to the extent consistent therewith, the Company shall use, and shall cause its Subsidiaries to use, reasonable commercial efforts to preserve its business organization intact in all material respects, keep available the services of its officers and employees as a group (subject to changes in the ordinary course) and maintain its existing relations and goodwill in all material respects with customers, suppliers, regulators, distributors, creditors, lessors, and others having business dealings with it, in each case, consistent with the Company's past practice;

(ii) the Company shall not issue, deliver, grant or sell any additional Company Common Shares or any Company Options (other than the issuance, delivery, grant or sale of Company Common Shares pursuant to the exercise or conversion of Company Options outstanding as of this date);

(iii) the Company shall not (A) amend its Articles of Organization or By-laws, amend or take any action under the Rights Agreement (except as set forth in Section 6.10), or adopt any other shareholders rights plan or enter into any agreement with any of its shareholders in their capacity as such; (B) split, combine, subdivide or reclassify its outstanding shares of capital stock; (C) declare, set aside or pay any

dividend or distribution payable in cash, stock or property in respect of any of its capital stock, other than dividends and distributions by a direct or indirect wholly-owned subsidiary of the Company to its parent corporation; or (D) repurchase, redeem or otherwise acquire or permit any of its Subsidiaries to purchase, redeem or otherwise acquire, any shares of its capital stock or any Company Options (it being understood that this provision shall not prohibit the exercise (cashless or otherwise) of Company Options);

(iv) the Company shall not, and shall not cause or permit any of its Subsidiaries to, take any action that it knows would cause any of its representations and warranties in this Agreement to become inaccurate in any material respect;

(v) except as expressly permitted by this Agreement, and except as required by applicable law or pursuant to contractual obligations in effect on this date; the Company shall not, and shall not permit its Subsidiaries to, (A) enter into, adopt or amend (except for renewals on substantially identical terms) any agreement or arrangement relating to severance, (B) enter into, adopt or amend (except for renewals on substantially identical terms) any employee benefit plan or employment or consulting agreement (including, without limitation, the Company Benefit Plans referred to in Section 3.10); or (C) grant any stock options or other equity related awards;

(vi) except for borrowings under lines of credit contemplated by the Company Disclosure Letter and trade debt incurred in the ordinary course of business consistent with past practice, neither the Company nor any of its Subsidiaries shall issue, incur or amend the terms of any indebtedness for borrowed money or guarantee any such indebtedness (other than indebtedness of the Company or any wholly-owned Subsidiary);

(vii) neither the Company nor any of its Subsidiaries shall make any capital expenditures in an aggregate amount in excess of the aggregate amount reflected in the capital expenditure budget, a copy of which is attached to the Company Disclosure Letter;

(viii) other than in the ordinary course of business consistent with past practice, neither the Company nor any of its Subsidiaries shall transfer, lease, license, sell, mortgage, pledge, encumber or otherwise dispose of any of its or its Subsidiaries' property or assets (including capital stock of any of its Subsidiaries) material to the Company and its Subsidiaries taken as a whole, except pursuant to contracts existing as of this date (the terms of which have been previously disclosed to Parent);

(ix) neither the Company nor any of its Subsidiaries shall issue, deliver, sell or encumber shares of any class of its capital stock or any securities convertible into, or any rights, warrants or options to acquire, any such shares, except any

such shares issued pursuant to options and other awards outstanding on this date under Company Benefit Plans or as otherwise permitted by this Agreement;

(x) neither the Company nor any of its Subsidiaries shall acquire any business, including any facilities, whether by merger, consolidation, purchase of property or assets or otherwise, except to the extent provided for in the

capital expenditure budget attached to the Company Disclosure Letter;

(xi) The Company shall not change its accounting policies, practices or methods in any manner that materially affects the reported consolidated assets, liabilities or results of operations of the Company, except as required by GAAP, applicable law or by the rules and regulations of the SEC;

(xii) other than pursuant to this Agreement, the Company shall not, and shall not permit any of its Subsidiaries to, take any action to cause Company Common Shares to cease to be listed on the Nasdaq National Market System;

(xiii) The Company shall not, and shall not permit any of its Subsidiaries to, enter into any Company Contract described in clauses (c) and (d) of Section 3.18, or enter into or amend any distribution, supply, inventory purchase, franchise, license, sales agency or advertising contract outside of the ordinary course of business consistent with past practice in scope and amount but in no event for a term (or an extension of a term) beyond the date that is twelve months after the date of this Agreement;

(xiv) The Company shall not, and shall not cause or permit any of its Subsidiaries to, change or, other than in the ordinary course of business consistent with past practice, make any material Tax election, settle any audit or file any amended Tax Returns, except as required by applicable law;

(xv) The Company shall not take any action that could reasonably be expected to result in (A) any representation and warranty of the Company set forth in this Agreement that is qualified as to materiality becoming untrue, (B) any such representation and warranty that is not so qualified becoming untrue in any manner that has or is reasonably expected to have a Material Adverse Effect or (C) any condition to the Offer or the Merger not being satisfied; or

(xvi) The Company shall not enter into, or permit any of its Subsidiaries to enter into, any commitments or agreements to do any of the foregoing.

Section 5.2 Interim Operations of Parent. Parent covenants and agrees as to itself and its Subsidiaries (including Merger Sub) that, after this date, until the earlier to occur of (a) the termination of this Agreement pursuant to Section 8.1 and (b) the

Effective Time (unless the Company shall otherwise approve in writing, or unless as otherwise expressly contemplated by this Agreement), Parent shall not take any action that could reasonably be expected to result in (A) any representation and warranty of Parent or Merger Sub set forth in this Agreement that is qualified as to materiality becoming untrue, (B) any such representation and warranty that is not so qualified becoming untrue in any material respect or (C) any condition to the Offer or the Merger not being satisfied.

Section 5.3 No Solicitation.

(a) The Company shall immediately cease and terminate any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any Persons conducted heretofore by the Company, its Subsidiaries or any of their respective representatives with respect to any proposed, potential or contemplated Acquisition Transaction.

(b) From and after this date, without the prior written consent of Parent, the Company will not, and will not authorize or permit any of its Subsidiaries to, and shall use its reasonable best efforts to cause any of its or their respective officers, directors, employees, financial advisors, agents or other representatives not to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) or take any other action (other than public disclosure by the Company in the ordinary course of the Company's business consistent with the Company's past practices) to facilitate the making of any proposal which constitutes or may reasonably be expected to lead to an Acquisition Proposal from any Person, engage in any discussion or negotiations relating thereto or accept any Acquisition Proposal or enter into any contract or understanding requiring it to abandon, terminate or fail to consummate the Merger or any of the other transactions contemplated by this Agreement; provided that, at any time prior to the acceptance for payment of Company Common Shares pursuant to the Offer, the Company may, subject to compliance with this Section 5.3(b), furnish information to, and negotiate or otherwise engage in discussions with, any Person (a "Proposing Party") who (x) delivers a bona fide written Acquisition Proposal which was not solicited, initiated, encouraged or facilitated by the Company, directly or indirectly, after the date of this Agreement or otherwise resulted from a breach of this Section 5.3, and (y) enters into an appropriate confidentiality agreement with the Company (which agreement shall be no less favorable to the Company than the Confidentiality Agreement and a copy of which will be delivered to Parent

promptly after the execution thereof), if, but only if, the Board of Directors determines in good faith by a majority vote, (i) after consultation with, and receipt of advice from, its outside legal counsel, and taking into account, among other things, all legal, financial, regulatory and other aspects of the proposal and the party making the proposal, that such proposal would, if consummated, result in a transaction that is more favorable to its shareholders (in their capacities as shareholders), from a

financial point of view, than the transactions contemplated by this Agreement, and (ii) after consultation with the Company's independent financial advisors, that such proposal could reasonably be expected to be completed (a "Superior Transaction").

(c) The Company shall notify Parent orally and in writing (1) of any such offers or proposals (including, without limitation, the terms and conditions of any such offers or proposals), and any amendments or revisions thereto, (2) whether the Person making such offer or proposal has a class of equity securities that is publicly traded, and whether such Person is a Fortune 500 company, is listed on the New York Stock Exchange or is traded on The Nasdaq National Market, and (3) without requiring the Company to divulge information that reasonably could lead Parent to identify the Person making such offer or proposal, such other information regarding the financial position of the Person making such offer or proposal and such other information as Parent reasonably may request relating to such Person's ability to finance and consummate the Acquisition Transaction so offered or proposed. The foregoing information shall be delivered to Parent as promptly as practicable following the receipt by the Company of such offer or proposal, and the Company shall keep Parent reasonably informed of the status and material terms of any such offer or proposal. For purposes of this Agreement, "Acquisition Proposal" shall mean, with respect to the Company, any proposal or offer from any Person (other than Parent or any of its Subsidiaries) relating to any (i) direct or indirect acquisition or purchase of a portion of the business of the Company or any of its Subsidiaries that generates 20% or more of the consolidated net revenues or constitutes 20% or more of the assets of the Company and its Subsidiaries, (ii) direct or indirect acquisition or purchase of 20% or more of any class of equity securities of the Company or any of its Subsidiaries whose business generates 20% or more of the consolidated net revenues or constitutes 20% or more of the assets of the Company and its Subsidiaries, (iii) tender offer or exchange offer that if consummated would result in any Person beneficially owning 20% or more of the capital stock of the Company, or (iv) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries whose business generates 20% or more of the consolidated net revenues or constitutes 20% or more of the assets of the Company and its Subsidiaries. Each of the transactions referred to in clauses (i) - (iv) of the definition of Acquisition Proposal, other than any such transaction to which Parent or any of its Subsidiaries is a party, shall be deemed to exclude the Company's Subsidiary in Australia and is referred to as an "Acquisition Transaction". For purposes of this Section 5.1(c), "consolidated net revenues" shall refer to the aggregate revenues of the Company and its Subsidiaries for the 12-month period ending on the last day of the period covered by the most recent Form 10-K report of the Company or, if later, the most recent Form 10-Q report of the Company filed with the SEC.

(d) If, prior to the acceptance for payment of Company Common Shares pursuant to the Offer, the Board of Directors determines in good faith by a majority vote,

with respect to any Acquisition Proposal from a Proposing Party for an Acquisition Transaction received after the date hereof that was not solicited, initiated, encouraged or facilitated by the Company, directly or indirectly, as required by, and in accordance with, Section 5.3(b) above, after the date of this Agreement or did not otherwise result from a breach of this Section 5.3, that, based upon consultations with the Company's independent financial advisors and outside legal counsel, the Acquisition Transaction is a Superior Transaction, then the Company may terminate this Agreement and enter into an acquisition agreement for the Superior Transaction; provided that, prior to any such termination, and in order for such termination to be effective, (i) the Company shall provide Parent three business day's written notice that it intends to terminate this Agreement pursuant to this Section 5.3(d), identifying the Superior Transaction and delivering an accurate description of all material terms of the Superior Transaction to be entered into, and (ii) on the date of termination (provided that the advice of the Company's independent financial advisors and outside legal counsel referred to above shall continue in effect without revocation, revision or modification), the Company shall deliver to Parent (A) a written notice of termination of this Agreement pursuant to this Section 5.3(d), (B) wire transfer of immediately available funds in the amount of the Termination Fee, (C) a written acknowledgment from the Company that the

termination of this Agreement and the entry into the Superior Transaction are a Triggering Event, and (D) a written acknowledgment from each other party to the Superior Transaction that it has read the Company's acknowledgment referred to in clause (C) above and will not contest the matters thus acknowledged by the Company, including the payment of the Termination Fee.

(e) Nothing in this Section 5.3 shall prevent the Board of Directors from taking, and disclosing to the Shareholders, a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act or making any disclosure required under the MBCL (subject, however, to compliance with the balance of this sentence where applicable), and the Board of Directors may prior to the acceptance for payment of Company Common Shares pursuant to the Offer, withdraw, modify or change its Recommendation if, in the good faith judgment of the Board of Directors, after consultation with outside legal counsel, failure to take such action would be inconsistent with its obligations under applicable law; provided that in the case of a tender offer made by any Person other than Parent or Merger Sub, the Board of Directors shall not recommend that shareholders tender their Company Common Shares in such tender offer unless (i) such tender offer is determined to be a Superior Transaction in accordance with the provisions of Section 5.3(d) and (ii) the Company has provided Parent with not less than three business day's prior written notice of any such action; provided, further, that in no event shall the Company or its Board of Directors take, agree, or resolve to take any action prohibited by Section 5.3(b) or 5.3(d) except as expressly permitted by such Sections.

(f) Except pursuant to the exercise of its rights in compliance with this Section 5.3, the Company shall not take any action to make the provisions of Chapter 110D or Chapter 110F of the MBCL inapplicable to any Acquisition Transaction in respect of the Company or release any standstill agreements or other similar restrictions, or amend the Rights Agreement, redeem the Rights or take any other action which would result in the Rights Agreement becoming inapplicable to any Person or any Acquisition Transaction prior to the termination of this Agreement in accordance with its terms.

ARTICLE VI

Section 6.1 Preparation of the Proxy Statement; Shareholders Meeting; Offering Circular.

(a) If the approval of this Agreement by the Shareholders is required by law, the Company and Parent shall, as promptly as practicable following the expiration of the Offer (provided that the Minimum Tender Condition shall have been satisfied), prepare and file with the SEC a proxy statement or information statement relating to the Shareholder Approval (as amended or supplemented from time to time, the "Proxy Statement") and the Company shall use its commercially reasonable efforts to have the Proxy Statement promptly declared effective by the SEC and to cause the Proxy Statement to be mailed to the Shareholders as promptly as practicable following the expiration of the Offer in accordance with the provisions of the MBCL. The Company shall promptly notify Parent upon the receipt of any comments from the SEC or its staff or any request from the SEC or its staff for amendments or supplements to the Proxy Statement and shall provide Parent with copies of all correspondence between the Company and its representatives, on the one hand, and the SEC and its staff, on the other hand. Notwithstanding the foregoing, prior to filing or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, the Company (i) shall provide Parent a reasonable opportunity to review and comment on such document or response, (ii) shall include in such document or response all comments reasonably proposed by Parent and (iii) shall not file or mail such document or respond to the SEC prior to receiving Parent's approval, which approval shall not be unreasonably withheld or delayed.

(b) If the approval of this Agreement by the Shareholders is required by law, the Company shall, as promptly as practicable following the expiration of the Offer (provided that the Minimum Tender Condition shall have been satisfied), establish a record date (which will be as promptly as reasonably practicable following the expiration of the Offer) for, duly call, give notice of, convene and hold a meeting of the Shareholders (the "Shareholders Meeting") for the purpose of obtaining the Shareholder Approval. Subject to Section 5.3(e), the Company shall, through the Board of Directors, declare advisable and recommend to its Shareholders that they approve this Agreement, and shall include such recommendation in the Proxy Statement. Without limiting the

generality of the foregoing, the Company agrees that its obligations pursuant to the first sentence of this Section 6.1(b) shall not be affected by (i) the commencement, public proposal, public disclosure or communication to the Company or any other person of any Acquisition Proposal or (ii) the withdrawal or

modification by the Board of Directors of its approval or recommendation of the Offer, the Merger or this Agreement.

(c) The Company represents and warrants that the information (other than information with respect to Parent and Merger Sub which is supplied by Parent and Merger Sub in writing to the Company specifically for use in the Proxy Statement) contained in the Proxy Statement will not, at the date of mailing to the Shareholders or at the date of such Shareholders Meeting, contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact required to be stated therein or necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for such Shareholders Meeting. The Company represents and warrants that the Proxy Statement will comply as to form in all material respects with the Exchange Act and the rules and regulations of the SEC thereunder. Parent and Merger Sub represent and warrant that the information supplied by Parent and Merger Sub in writing to the Company specifically for use in the Proxy Statement will not, at the date of mailing to the Shareholders or at the date of the Shareholders Meeting, contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact required to be stated therein or necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Shareholders Meeting.

(d) Notwithstanding Section 6.1(a), (b) or (c), in the event that Parent, Merger Sub or any other Subsidiary of Parent acquires, directly or indirectly, at least 90% of the outstanding Company Common Shares pursuant to the Offer or otherwise, the parties hereto will take all necessary and appropriate action to cause the Merger to become effective in accordance with Section 82 of the MBCL without a meeting of the Shareholders as soon as practicable after the acceptance for payment and purchase of the Company Common Shares by Parent pursuant to the Offer.

Section 6.2 Filings; Other Action. Subject to the terms and conditions herein provided, the Company, Parent and Merger Sub shall: (a) make promptly their respective filings, and any other submissions, under the HSR Act with respect to the Merger and the other transactions contemplated hereby, (b) use their reasonable best efforts to cooperate with one another in (i) determining which other filings are required to be made prior to the expiration of the Effective Time with, and which consents, approvals, permits or authorizations are required to be obtained prior to the Effective Time from, Governmental Entities or other third parties in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and (ii) timely making all such filings and timely seek all such consents, approvals, permits,

authorizations and waivers, and (c) use their reasonable best efforts to take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or appropriate to consummate and make effective the transactions contemplated by this Agreement; provided, however, that such reasonable best efforts shall not include (i) the sale or divestiture of any assets of Parent (or its affiliates) or (ii) the licensing of any Intellectual Property of Parent or its affiliates or Intellectual Property to be acquired under this Agreement. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purpose of this Agreement, the proper officers and directors of Parent or the Surviving Corporation shall take all such necessary action.

Section 6.3 Publicity. The initial press release relating to this Agreement shall be issued jointly by the Company, Parent and Merger Sub. Thereafter, subject to their respective legal obligations, the Company, Parent and Merger Sub shall consult with each other, and use reasonable efforts to agree upon the text of any press release, before issuing any such press release or otherwise making public statements with respect to the transactions contemplated hereby and in making any filings with any Governmental Entity or with any national securities exchange with respect thereto.

Section 6.4 Further Action. Each of the parties shall, subject to the fulfillment at or before the Effective Time of each of the conditions of performance set forth in this Agreement or the waiver thereof, use its reasonable best efforts to perform those further acts and execute those documents as may be reasonably required to effect the transactions contemplated hereby. Each of the parties agrees to use its reasonable best efforts to obtain in a timely manner all necessary waivers, consents, approvals and opinions and to effect all necessary registrations and filings, and to use its reasonable best efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the Offer and the Merger. In

furtherance of the foregoing, the Company shall use its reasonable best efforts to procure the execution of agreements between the Surviving Corporation and employees of the Company identified by Parent on terms satisfactory to Parent and such employees.

Section 6.5 Expenses. Whether or not the Offer or the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby (including the Offer and the Merger) shall be paid by the party incurring those expenses except as expressly provided in this Agreement. All reasonable fees and expenses of the Company's financial advisor and legal counsel shall be paid by the Surviving Corporation upon the consummation of the Merger.

Section 6.6 Notification of Certain Matters. Each party shall give prompt notice to the other parties of the following:

(a) the occurrence or nonoccurrence of any event whose occurrence or nonoccurrence is reasonably expected to cause any of the conditions precedent set forth in Article VII not to be satisfied; and

(b) any facts relating to that party which would make it necessary or advisable to amend the Schedule TO or the Proxy Statement in order to make the statements therein not untrue or misleading or to comply with applicable law; provided, however, that the delivery of any notice pursuant to this Section 6.6 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

(c) From time to time after the date of this Agreement and prior to the acceptance for payment of Company Common Shares pursuant to the Offer, the Company will promptly supplement or amend the Company Disclosure Letter with respect to any matter hereafter arising which, if existing or occurring at or prior to the date of this Agreement, would have been required to be set forth or described in the Company Disclosure Letter which is necessary to correct any information in the Company Disclosure Letter or in any representation and warranty of the Company that has been rendered inaccurate thereby. For purposes of determining the accuracy of the representations and warranties of the Company contained in Article III in order to determine the fulfillment of the conditions set forth in paragraph (d) of Exhibit A, the Company Disclosure Letter delivered by the Company shall be deemed to include only that information contained therein on the date of this Agreement and shall be deemed to exclude any information contained in any subsequent supplement or amendment thereto.

Section 6.7 Access to Information. From the date of this Agreement until the Closing, upon reasonable notice, the Company shall, and shall cause its Subsidiaries to, (i) give Parent and its authorized representatives full access to all books, records (except personnel files), personnel, offices and other facilities and properties of the Company and its Subsidiaries and their accountants and accountants' work papers, (ii) permit Parent to make such copies and inspections thereof as Parent may reasonably request and (iii) furnish Parent with such financial and operating data and other information with respect to the business and properties of the Company and its Subsidiaries as Parent may from time to time reasonably request; provided that no investigation or information furnished pursuant to this Section 6.7 shall affect any representation or warranty made herein by the Company or the conditions to the obligations of Parent and Merger Sub to consummate the transactions contemplated by this Agreement. Parent will endeavor to describe information requests with as much specificity as is practicable. Each of Parent and the Company shall designate a representative to coordinate information and other requests pursuant to this Section 6.7. All access shall be subject to the condition that such

examinations shall be conducted during normal business hours and in a manner designed to minimize to the extent practicable disruption to the normal business operations of the Company.

Section 6.8 Insurance; Indemnity. (a) Parent will maintain in effect with a carrier reasonably acceptable to the Company for not less than six years after the Effective Time, the Company's current directors and officers insurance policies, if such insurance is obtainable (or policies of at least the same coverage containing terms and conditions no less advantageous to the current and all former directors and officers of the Company) with respect to acts or failures to act prior to the Effective Time, including acts relating to the transactions contemplated by this Agreement; provided, however, that in order to maintain or procure such coverage, Parent shall not be required to maintain or obtain policies providing such coverage except to the extent such coverage can

be provided at an annual cost of no greater than two times the most recent annual premium paid by the Company prior to the date hereof (the "Cap"); and provided, further, that if equivalent coverage cannot be obtained, or can be obtained only by paying an annual premium in excess of the Cap, Parent shall only be required to obtain as much coverage as can be obtained by paying an annual premium equal to the Cap.

(b) From and after the Effective Time, Parent shall indemnify and hold harmless to the fullest extent permitted under applicable law, each Person who is, or has been at any time prior to the date hereof or who becomes prior to the Effective Time, an officer or director of the Company or any of its Subsidiaries (each, an "Indemnified Party") against all losses, claims, damages, liabilities, costs or expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation arising out of or pertaining to acts or omissions, or alleged acts or omissions, by them in their capacities as such, which acts or omissions occurred prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time. In the event of any such claim, action, suit, proceeding or investigation (an "Action"), the Parent shall control the defense of such Action with counsel selected by the Parent, which counsel shall be reasonably acceptable to the Indemnified Party; provided, however, that the Indemnified Party shall be permitted to participate in the defense of such Action through counsel selected by the Indemnified Party, which counsel shall be reasonably acceptable to the Parent, at the Indemnified Party's expense. Notwithstanding the foregoing, if there is any conflict between the Parent and any Indemnified Parties or there are additional defenses available to any Indemnified Parties, the Indemnified Parties shall be permitted to participate in the defense of such Action with counsel selected by the Indemnified Parties, which counsel shall be reasonably acceptable to the Parent, and Parent shall cause Parent to pay the reasonable fees and expenses of such counsel, as accrued and in advance of the final disposition of such Action to the fullest extent permitted by applicable law; provided,

however, that the Parent shall not be obligated to pay the reasonable fees and expenses of more than one counsel for all Indemnified Parties in any single Action except to the extent that, in the opinion of counsel for the Indemnified Parties, two or more of such Indemnified Parties have conflicting interests in the outcome of such Action. The Parent shall not be liable for any settlement effected without its written consent, which consent shall not unreasonably be withheld.

(c) The Surviving Corporation shall keep in effect all provisions in its articles of organization and by-laws that provide for exculpation of director and officer liability and indemnification (and advancement of expenses related thereto) of the past and present officers and directors of the Company to the fullest extent permitted by the MBCL and such provisions shall not be amended except as either required by applicable law or to make changes permitted by law that would enhance the rights of past or present officers and directors to indemnification or advancement of expenses.

(d) If the Surviving Corporation or any of its respective successors or assigns (i) shall consolidate with or merge into any other corporation or other entity and shall not be the continuing or surviving corporation or entity of the consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any individual, corporation or other entity, then and in each such case, proper provisions shall be made so that the successors and assigns of the Surviving Corporation shall assume all of the obligations set forth in this Section 6.8.

(e) The provisions of this Section 6.8 are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Parties, their heirs and their representatives.

Section 6.9 Employee Benefit Plans. The Company agrees to promptly take all actions necessary to cause the following to occur on or prior to the Closing Date:

(a) Merger of 401(k) Plan. As the plan sponsor, the Company will (on or before the Closing Date, except with respect to 6.9(a)(viii) herein, which shall occur as soon as administratively practicable following the Closing Date) (i) adopt all amendments to the Company's 401(k) plan (the "401(k) Plan") necessary to make such Plan comply with the applicable legal requirements as changed by the laws described in Rev. Proc. 99-23 issued by the Internal Revenue Service, (ii) make its matching contributions (in amounts consistent with its practice of making such contributions in prior years) to the accounts of participants in such 401(k) Plan for the plan year ending December 31, 2000, (iii) comply with the 401(k) Plan's provisions with respect to participant loans by placing in default and treating as deemed distributions the amount of any loans outstanding to former employees of the Company which have not been repaid in full (other than the former employees affected by the sale of the Company's Factura

business), (iv) obtain the

resignations of Geoffrey Clear, James Ragonese and Anne Marie Bell as trustees of the trust forming part of such 401(k) Plan, effective as of the Closing Date, (v) appoint L. Joseph Thompson as successor trustee of the trust forming part of such 401(k) Plan, effective as of the Closing Date, (vi) approve the merger of such 401(k) Plan with the Minnesota Mining and Manufacturing Company Voluntary Investment Plan and Employee Stock Ownership Plan (the "VIP") effective as soon as administratively practicable, but in any event at a time agreed upon by Parent and the Surviving Corporation, which may occur following the Closing Date, (vii) direct the trustees of the 401(k) Plan to prepare for the transfer of the assets and records of such Plan to the trustee of the VIP as soon as reasonably possible following the Closing Date, and (viii) prior to the merger of the 401(k) Plan into the VIP, which may occur following the Closing Date, cause the 401(k) Plan to return sufficient contributions and earnings thereon to the Company's highly compensated employees so that the 401(k) Plan complies with the anti-discrimination provisions of Section 401(k) of the Code for the plan year ending December 31, 2000.

(b) Termination of Stock Option Plans. As the plan sponsor, the Company will (i) not issue options to purchase Company Common Shares under any of the Stock Option Plans after the date of this Agreement, (ii) cause all of the Company Options issued under the Stock Option Plans and outstanding as of the date of this Agreement to become fully vested and immediately exercisable upon the satisfaction of the Minimum Tender Condition, (iii) exercise its authority under the Stock Option Plans to cause each Company Option still outstanding at the Effective Time of the Merger to be converted into the right to receive in cash an amount equal to the Net Gain attributable to such Company Option, and (iv) cause all of the Stock Option Plans and all of the Company Options outstanding under such Plans to be terminated effective as of the Closing Date, subject to the right of the holders of Company Options to receive the Net Gains attributable to their Company Options as described in Section 2.1(e) hereof.

(c) Employment Agreements. The Company will assist Parent in (i) identifying those key employees of the Company and its subsidiaries whose continued employment following the Closing Date should be covered by individual employment agreements, and (ii) designing the provisions of such agreements; provided, however, that the Surviving Corporation shall have the final authority to decide which of the Company's employees will be offered such employment agreements. The Company will use reasonable commercial efforts to convince such key employees to enter into such individual employment agreements on or prior to the Closing Date.

(d) Retention Incentives. The Company will assist Parent in (i) identifying those key employees of the Company and its subsidiaries who should be eligible for retention bonuses/compensation as an incentive for them to continue their employment following the Closing Date, and (ii) designing the terms and conditions of

such retention bonuses/compensation; provided, however, that the Surviving Corporation shall have the final authority to decide both the employees eligible for such retention bonuses/compensation as well as the terms and conditions of such bonuses/compensation.

(e) Termination of Stock Purchase Plan. As the plan sponsor, the Company will (i) exercise its authority under the 1995 Employee Stock Purchase Plan to treat the Closing Date of the Merger as an Offering Termination Date for purposes of such Plan, (ii) cause each Option in effect under the 1995 Employee Stock Purchase Plan as of such Offering Termination Date to be exercised as of the Closing Date, and (iii) cause the 1995 Employee Stock Purchase Plan and all of the Options outstanding under such Plan to be terminated effective as of the Closing Date, subject to the right of the Option holders to receive the Merger Consideration for the Company Common Shares they become entitled to receive upon the exercise of their Options.

(f) Participation in 401(k) Plan. The Surviving Corporation shall permit its employees to continue their participation in the 401(k) Plan (if they have not become eligible to participate in the VIP) until such time as the 401(k) Plan is merged into the VIP.

(g) No Action. Parent shall not take any action following the Effective Time that would cause a breach of the Company's agreements made in this Section 6.9.

Section 6.10 Rights Agreement. The Board of Directors of the Company shall take all action requested by Parent in order to render the Rights

inapplicable to the Offer, the Merger and the other transactions contemplated hereby.

ARTICLE VII

Section 7.1 Conditions to Obligations of the Parties to Consummate the Merger. The respective obligation of each party to consummate the Merger shall be subject to the satisfaction of each of the following conditions:

(a) Shareholder Approval. The Shareholder Approval shall have been obtained, if required by applicable law.

(b) Legality. No order, decree or injunction (collectively, "Legal Restraints") shall have been entered or issued by any Governmental Entity which is in effect and has the effect of making the Merger illegal or otherwise prohibiting consummation of the Merger. Each party agrees that, in the event that any such order, decree or injunction shall be entered or issued, it shall use its reasonable best efforts (using the standard described in Section 6.2(c) of this Agreement) to cause any such order, decree or injunction to be lifted or vacated.

(c) Antitrust. The waiting period (and any extension thereof) under the HSR Act applicable to the Merger shall have expired or been terminated and any other approval or waiting period required prior to the Effective Time under any other applicable competition, merger control, antitrust or similar law or regulation of any Governmental Entity shall have been obtained or terminated or shall have expired, other than those the failure of which to have been obtained or terminated or to have expired would not (x) reasonably be expected to have a Material Adverse Effect (it being understood for purposes of this clause (x) that no party may rely on the failure of this condition to be satisfied if such failure was caused by such party's failure to comply with the terms of Section 6.2) or (y) result in the commission of a criminal offense.

(d) Purchase of Company Common Shares in the Offer. Merger Sub shall have previously accepted for payment and paid for the Company Common Shares pursuant to the Offer.

Section 7.2 Additional Conditions to Obligations of Parent and Merger Sub.The obligations of Parent and Merger Sub to consummate the Merger shall also be subject to the satisfaction or waiver of each of the following conditions:

(a) The Company shall have performed in all material respects its covenants contained in Section 1.3 of this Agreement required to be performed on or prior to the Closing Date.

(b) The Shareholders Agreement shall be in full force and effect.

(c) The Option Agreement shall be in full force and effect.

(d) The Company shall have performed in all material respects its covenants contained in Section 6.9 of this Agreement that are required to be performed on or prior to the Closing Date.

ARTICLE VIII

Section 8.1 Termination. This Agreement may be terminated, and the Offer and the Merger contemplated hereby may be abandoned, at any time before the Effective Time (except as otherwise provided), whether before or after the Shareholder Approval has been obtained, as follows:

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

(b) by any party, if Merger Sub shall not have accepted for payment any Company Common Shares pursuant to the Offer satisfying the Minimum Tender Condition prior to February 28, 2001 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose breach of this Agreement has been a principal reason the Offer has not been consummated by such date; and provided further, that either party, by written notice to the other party, may extend the aforementioned February 28, 2001 date to a date not later than April 30, 2001 if all conditions of the Offer other than those conditions set forth in subsection (f) of Exhibit A to this Agreement have been satisfied on or before February 28,

2001;

(c) by any party, if a Governmental Entity shall have issued an order, decree or injunction or taken any other action permanently enjoining, restraining or otherwise prohibiting the acceptance for payment of, or payment for the company Common Shares pursuant to the Offer or the Merger and such order, decree or injunction shall have become final and nonappealable (but only if such party shall have used its reasonable best efforts to cause such order, decree or injunction to be lifted or vacated);

(d) by Parent, (i) if the Company shall have breached or failed to perform any of its representations, warranties, covenants or agreements contained in this Agreement, which breach individually or in the aggregate with other such breaches, would give rise to the failure of a condition set forth in paragraph (d) or (e) of Exhibit A hereto and has not been or is incapable of being cured by the Company within 20 business days after its receipt of written notice thereof from Parent, or (ii) if any suit, action or proceeding described in paragraph (a) of Exhibit A hereto shall have prevailed and become final and nonappealable;

(e) by the Company, if either Parent or Merger Sub shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or agreements contained in this Agreement except for such failures that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Parent's or Merger Sub's ability to consummate the transactions contemplated hereby, including the Offer and the Merger, which breach or failure to perform has not been or is incapable of being cured by Parent within 20 business days after its receipt of written notice thereof from the Company;

(f) by Parent, if the condition set forth in Section 7.1(a) has not been satisfied, unless Company Common Shares satisfying the Minimum Tender Condition have been tendered to Merger Sub;

(g) by Parent, if (i) the Board of Directors shall or shall resolve to (A) either not recommend that the Shareholders accept the Offer or, if applicable, give the Shareholder Approval, (B) withdraw its Recommendation, (C) modify its

Recommendation in a manner adverse to Parent or Merger Sub, (D) approve, recommend or fail to take a position that is adverse to any proposed Acquisition Transaction (other than the Offer or the Merger) involving the Company or any of its Subsidiaries, or (E) take any action which would constitute a breach of Section 5.3(f), (ii) the Board of Directors shall have refused to affirm to Parent its Recommendation to the Shareholders that they accept the Offer and give the Shareholder Approval as promptly as practicable (but in any case within five days) after receipt of any reasonable written request for such affirmation from Parent, or (iii) a person shall have acquired more than 20% of the outstanding Company Common Shares; or

(h) by the Company pursuant to, but only in compliance with, Section 5.3.

Section 8.2 Effect of Termination and Abandonment. (a) In the event of termination of this Agreement pursuant to this Article VIII, this Agreement shall become void (other than this Section 8.2) with no liability on the part of either party (or of any of its representatives);

(b) Upon the happening of a Triggering Event, the Company shall pay to Parent (or to any Subsidiary of Parent designated in writing by Parent to the Company) the amount of $9,000,000 (the "Termination Fee"). "Triggering Event" means any one of the following:

(i) a termination of this Agreement by Parent pursuant to Section 8.1(g)(i) or (ii);

(ii) a termination of this Agreement by Parent pursuant to Section 8.1(d)(i) or 8.1(f) if any Acquisition Proposal is publicly proposed or announced on or after the date hereof and such Acquisition Proposal has not been publicly rejected by the Board of Directors; or

(iii) a termination of this Agreement by the Company pursuant to Section 8.1(h); or

(iv) if, within twelve months after a termination of this Agreement, any Acquisition Transaction is entered into, agreed to or consummated by the Company with a Person (other than Parent or Merger Sub) who made, or who is affiliated with any Person (other than Parent or Merger Sub) who made, (A) an Acquisition Proposal or (B) a statement of intent to pursue an Acquisition Transaction, either of which was

publicly proposed or announced prior to a termination of this Agreement.

Payment of the Termination Fee shall be made by wire transfer of immediately available funds (1) on the second business day after such termination in the case of clauses (i) and

(ii) of the definition of Triggering Event, (2) on or prior to the date of such termination, in the case of clause (iii) of the definition of Triggering Event, or (3) on the earlier of (x) the date a contract is entered into with respect to an Acquisition Transaction or (y) the date an Acquisition Transaction is consummated, in the case of clause (iv) of the definition of Triggering Event. In no event shall more than one Termination Fee be payable by each party under this Agreement. Notwithstanding any other provision of this Agreement to the contrary, upon receipt of the Termination Fee by Parent (or its designee), Parent and Merger Sub shall have no other or further claim or demand of any kind or nature whatsoever against the Company or any of its affiliates except for any claims or rights Parent may have under the Shareholders Agreement or the Option Agreement.

(c) If the Company terminates this Agreement pursuant to Section 8.1(e), Parent shall pay to the Company as liquidated damages the sum of $9,000,000; and, notwithstanding any other provision of this Agreement to the contrary, upon receipt of such sum the Company shall have no other or further claim or demand of any kind or nature whatsoever against Parent, Merger Sub or any of their affiliates.

(d) The parties acknowledge that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, neither party would enter into this Agreement. Accordingly, if either party fails to pay promptly amounts when due pursuant to this Section 8.2, and, in order to obtain such payment, the other party commences a suit which results in a judgment against the non-paying party for such amount (or any portion thereof), the non-paying party shall pay the costs and expenses (including reasonable attorneys fees) of the other party in connection with such suit, together with interest on such amount in respect of the period from the date such amount became due until paid at the prime rate of The Chase Manhattan Bank in effect from time to time during such period.

Section 8.3 Amendment. This Agreement may be amended by the parties hereto at any time, whether before or after the Shareholder Approval has been obtained; provided that, after the purchase of Company Common Shares pursuant to the Offer, no amendment shall be made which decreases the Merger Consideration and, after the Shareholder Approval, if required, has been obtained, there shall be made no amendment that by law requires further approval by the Shareholders of the parties without the further approval of such Shareholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. Following the election or appointment of Merger Sub's designees pursuant to Section 1.3 and prior to the Effective Time, the affirmative vote of a majority of the Independent Directors then in office shall be required by the Company to (i) amend or terminate this Agreement by the Company, (ii) exercise or waive any of the Company's rights or remedies under this

Agreement or (iii) extend the time for performance of Parent and Merger Sub's respective obligations under this Agreement.

ARTICLE IX

Section 9.1 Non-Survival of Representations, Warranties and Agreements. The representations, warranties and agreements in this Agreement shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Section 8.1, as the case may be, except that (a) the agreements set forth in Sections 1.3, 6.8 and 6.9 shall survive the Effective Time, and (b) the agreements set forth in Sections 6.5, 8.2 and this Article IX shall survive termination indefinitely.

Section 9.2 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date of receipt and shall be delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), sent by overnight courier or sent by telecopy, to the applicable party at the following addresses or telecopy numbers (or at such other address or telecopy number for a party as shall be specified by like notice):

(a) if to the Company:

MicroTouch Systems, Inc.
300 Griffin Brook Park Drive
Methuen, MA 01844
Attention: Geoffrey P. Clear
Telecopy No.: (978) 659-9050

with a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, MA 02111
Attention: William T. Whelan, Esq.
Telecopy No.: (617) 542-2241

(b) if to Parent or Merger Sub:

Minnesota Mining and Manufacturing Company
Office of the General Counsel
Building 220-14W-07

St. Paul, MN 55144
Attention: General Counsel
Telecopy No.: (651) 736-9469

with a copy to:

Minnesota Mining and Manufacturing Company
Office of the General Counsel
Building 220-11E-02
St. Paul, MN 55144
Attention: Gregg Larson, Esq.
Telecopy No.: (651) 736-9469

with a further copy to:

Dorsey & Whitney LLP
Pillsbury Center South
220 South Sixth Street
Minneapolis, Minnesota 55402-1498
Attention: John T. Kramer, Esq.
Telecopy No.: (612) 340-8738

Section 9.3 Certain Definitions; Interpretation. (a) For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Material Adverse Effect" means any change, circumstance, event, effect or state of facts (x) that has or can reasonably be expected to have a material adverse effect on the business, operations, results of ongoing operations, assets or conditions (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, having a value of not less than $600,000 individually or $3,000,000 in the aggregate (except as modified in Section 3.12), or the ability of the Company and its Subsidiaries to conduct their business after the closing consistent in all material respects with the manner conducted in the past, or (y) that will prevent or materially impair the Company's ability to consummate the Merger; provided, however, that a Material Adverse Effect will not be deemed to have occurred if the change, circumstance, event, effect or state of facts results primarily from (i) changes in general business conditions in the input device industry or (ii) the public announcement by the Company or pendency of the Merger.

(ii) "affiliate" of a Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned Person.

(iii) "Board of Directors" means the Board of Directors of the Company and includes any committee thereof.

(iv) "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise.

(v) "ERISA" means the Employee Retirement Income Security Act of

1974, as amended and the rules and regulations promulgated thereunder.

(vi) "knowledge" of the Company with respect to any matter means actual knowledge of any of the Company's senior executive officers after reasonable investigation and due diligence. Such Persons and their respective areas of responsibility are set forth on Section 9.3 of the Company Disclosure Letter.

(vii) "Person" means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization, entity or group (as defined in the Exchange Act).

(viii) "Subsidiary" of a Person means any corporation or other legal entity of which that Person (either alone or through or together with any other Subsidiary or Subsidiaries) is the general partner or managing entity or of which at least a majority of the stock (or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or others performing similar functions of such corporation or other legal entity) is directly or indirectly owned or controlled by that Person (either alone or through or together with any other Subsidiary or Subsidiaries).

(b) When a reference is made in this Agreement to Articles, Sections, Company Disclosure Letter or Exhibits, this reference is to an Article or a Section of, or an Exhibit to, this Agreement, unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be understood to be followed by the words "without limitation."

Section 9.4 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.5 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 a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the maximum extent possible.

Section 9.6 Entire Agreement; No Third-Party Beneficiaries. This Agreement, the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement and supersede any and all other prior agreements and undertakings, both written and oral, among the parties hereto, or any of them, with respect to the subject matter hereof and, except for Section 6.8 (Insurance; Indemnity), does not, and is not intended to, confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 9.7 Assignment. This Agreement shall not be assigned by any party by operation of law or otherwise without the express written consent of each of the other parties.

Section 9.8 Governing Law. This Agreement shall be governed by and construed in accordance with, the laws of the Commonwealth of Massachusetts without regard to the conflicts of laws provisions thereof. Each of the parties hereto hereby irrevocably and unconditionally waives any right it may have to trial by jury in connection with any litigation arising out of or relating to this Agreement, the Offer, the Merger or any of the other transactions contemplated hereby or thereby.

Section 9.9 Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which shall constitute one and the same agreement.

Section 9.10 Confidential Nature of Information. Between the date of this Agreement and the Effective Time the parties hereto will hold and will cause

their respective officers, directors, employees, representatives, consultants and advisors to hold in strict confidence in accordance with the terms of the Confidentiality Agreement, all documents and information furnished to such party by or on behalf of the other party in connection with the transactions contemplated by this Agreement. If the transactions

contemplated by this Agreement are not consummated, such confidence shall be maintained in accordance with such Confidentiality Agreement.

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

MINNESOTA MINING AND MANUFACTURING COMPANY

By: /s/ Ronald A. Weber

Name: Ronald A. Weber
Title: Executive Vice President

By: /s/ Gregg M. Larson

Name: Gregg M. Larson
Title:

EQUINOX ACQUISITION, INC.

By: /s/ Ronald A. Weber

Name: Ronald A. Weber
Title: President

By: /s/ J.L. Yoemans

Name: Janet L. Yoemans
Title: Treasurer or Assistant Treasurer

MICROTOUCH SYSTEMS, INC.

By: /s/ D. Westervelt Davis

Name: D. Westervelt Davis
Title: Chief Executive Officer

By: /s/ Geoffrey P. Clear

Name: Geoffrey P. Clear
Title: Treasurer or Assistant Treasurer

EXHIBIT A

CONDITIONS OF THE OFFER

Notwithstanding any other term of the Offer or this Agreement, Merger Sub shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Merger Sub's obligation to pay for or return tendered Company Common Shares promptly after the termination or withdrawal of the Offer), to pay for any Company Common Shares tendered pursuant to the Offer and may postpone the acceptance for payment or payment for any Company Common Shares tendered, and, when permitted by the Agreement, amend or terminate the Offer unless (i) there shall have been validly tendered and not withdrawn prior to the expiration of the Offer that number of Company Common Shares, together with Company Common Shares owned by Parent or Merger Sub, which would represent at least a majority of the outstanding Company Common Stock (determined on a fully diluted basis for all outstanding stock options, convertible securities and any other rights to acquire Company Common Stock on the date of purchase) (the "Minimum Tender Condition"), and (ii) any requisite waiting period under the HSR Act (and any extension thereof) applicable to the purchase of Company Common Shares pursuant to the Offer or to the Merger and any other requisite waiting periods under any other applicable material competition, merger, control, antitrust or similar law or regulation shall have been terminated or shall have expired. Furthermore, notwithstanding any other term of the Offer or this Agreement, Merger Sub shall not be required to accept for payment or, subject as aforesaid, to pay for any Company Common Shares not theretofore accepted for payment or paid for, and, subject to this Agreement, may terminate or amend the Offer, immediately prior to the applicable expiration of the Offer, if any of the following conditions exists:

(a) there shall be pending or formally threatened any suit, action or proceeding by any Governmental Entity (i) challenging the acquisition by Parent or Merger Sub of any Company Common Shares, seeking to restrain or prohibit consummation of the Offer or the Merger, or seeking to place limitations on the ownership of Company Common Shares (or shares of common stock of the Surviving Corporation) by Parent or Merger Sub, (ii) seeking to prohibit or limit the ownership or operation by the Company or Parent and their respective Subsidiaries of any material portion of the business or assets of the Company or Parent and their respective Subsidiaries taken as a whole, or to compel the Company or Parent and their respective Subsidiaries to dispose of or hold separate any material portion of the business or assets of the Company or Parent and their respective Subsidiaries taken as a whole, as a result of the Offer, the Merger or any of the other transactions contemplated by this Agreement, (iii) seeking to prohibit Parent or any of its subsidiaries from effectively controlling in any material respect the business or operations of the Company or Parent and Subsidiaries

taken as a whole, or (iv) which otherwise is reasonably expected to have a Material Adverse Effect;

(b) any Legal Restraint that has the effect of preventing the purchase of Company Common Shares pursuant to the Offer or the Merger shall be in effect;

(c) except as set forth in the Company Disclosure Letter or in the SEC Reports, since September 30, 2000, there shall have been any state of facts, change, development, effect, event, condition or occurrence that, individually or in the aggregate, constitutes or would reasonably be expected to have, a Material Adverse Effect;

(d) the representation and warranty of the Company contained in Section 3.3 of this Agreement shall not be true and correct in all material respects, or the other representations and warranties of the Company contained in this Agreement shall not be true and correct, except for such failures to be true and correct that (without giving effect, with respect to those representations and warranties that are not true and correct, to any limitation as to "materiality" or Material Adverse Effect set forth therein), individually and in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

(e) the Company shall have failed to perform in any respect any obligation required to be performed by it under this Agreement at or prior to the Termination Date, which failure would reasonably be expected to have a Material Adverse Effect;

(f) Parent shall not have obtained all consents, approvals, authorizations, qualifications and orders of all Governmental Entities legally required in connection with this Agreement and the transactions contemplated by this Agreement, other than any such consents, approvals, authorizations, qualifications and orders, the failure of which to obtain, individually and in the aggregate, would not reasonably be expected to have a Material Adverse Effect; provided, however, that the failure to obtain such consents, approvals, authorizations, qualifications or orders is not the result of a breach by Parent or Merger Sub of any of their covenants and other obligations set forth in this Agreement;

(g) this Agreement shall have been terminated in accordance with its terms;

(h) the Company Board shall have (A) withdrawn or modified or changed, in any manner adverse to Parent or Merger Sub, the Recommendation, (B) accepted, approved or recommended any Acquisition Proposal, or (C) resolved or publicly disclosed any intention to do any of the foregoing; or

(i) there shall have occurred (i) any general suspension of trading in or on the Nasdaq National Market (other than a shortening of trading hours or any coordinated trading halt triggered solely as a result of a specified increase or decrease in a market index), (ii) a decline of at least 30% (determined for any particular day as of the close of business for such day) in either the Dow Jones Average of Industrial Stocks or the Standard & Poor's 500 Index from the date hereof, (iii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iv) the imposition of any limitation (whether or not mandatory) by any government or Governmental Entity, on the extension of credit by banks or other lending institutions, (v) a commencement of a war or armed hostilities or any other national or international calamity directly involving the United States or (vi) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof;

which, in the sole discretion of Merger Sub or Parent, in any such case, and regardless of the circumstances giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Merger Sub and Parent and may be asserted by Merger Sub or Parent regardless of the circumstances giving rise to such condition or may be waived by Merger Sub and Parent in whole or in part at any time and from time to time in their sole discretion. The failure by Parent, Merger Sub or any other affiliate of Parent at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts and circumstances and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

The terms in this Exhibit A that are defined in the attached Merger Agreement have the meanings set forth therein.

EXHIBIT (d)(2)

SHAREHOLDERS AGREEMENT

SHAREHOLDERS AGREEMENT dated as of November 13, 2000 (this "Agreement"), by and among Minnesota Mining and Manufacturing Company ("Parent") a Delaware corporation, Equinox Acquisition, Inc. a Massachusetts corporation and a wholly owned Subsidiary of Parent ("Purchaser"), and each of the parties identified on Schedule A hereto (each, a "Shareholder" and, collectively, the "Shareholders"), as individual shareholders of MicroTouch Systems, Inc., a Massachusetts corporation (the "Company").

W I T N E S S E T H:

WHEREAS, concurrently with the execution of this Agreement, Parent and Purchaser are entering into an Agreement and Plan of Merger dated as of the date hereof (the "Merger Agreement"; capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in the Merger Agreement), with the Company, pursuant to which (i) Purchaser will commence the Offer and, (ii) following consummation of the Offer, Purchaser shall merge with and into the Company;

WHEREAS, each Shareholder is the record or beneficial owner of the number of shares of common stock, $0.01 par value per share, of the Company (the "Common Stock") and options to purchase Common Stock set forth opposite their respective names on Schedule A hereto (the shares of Common Stock set forth on Schedule A, together with any shares of Common Stock hereafter acquired by the Shareholders, whether pursuant to the exercise of options or otherwise, are referred to herein collectively as the "Shares");

WHEREAS, as a condition to entering into the Merger Agreement and incurring the obligations set forth therein, including the Offer, Parent and Purchaser have required that the Shareholders enter into this Agreement; and

WHEREAS, the Shareholders believe that it is in the best interests of the Company and its shareholders to induce Parent and Purchaser to enter into the Merger Agreement and, therefore, the Shareholders are willing to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

TENDER OF SHARES; OPTIONS

Section 1.01 Tender of Shares. Subject to dispositions permitted under Section 5.01, each Shareholder, severally but not jointly, agrees that, as soon as practicable following commencement of the Offer, such Shareholder shall tender or cause to be tendered all of his respective Shares pursuant to and in accordance with the terms of the Offer, and shall not withdraw such Shares from the Offer unless (i) the Offer is terminated or (ii) the Merger Agreement is terminated. Each Shareholder, severally but not jointly, acknowledges and agrees that Purchaser's obligation to accept for payment the Shares in the Offer, including any Shares tendered by such Shareholder, is subject to the terms and conditions of the Offer.

Section 1.02 Options. Each Shareholder, severally but not jointly, agrees to the cancellation of each outstanding option to purchase shares of Common Stock of the Company that is held by such Shareholder at the time of acceptance for payment of any shares of Common Stock by Merger Sub in the Offer, in exchange for the consideration described in Section 2.1(e) of the Merger Agreement.

ARTICLE II

VOTING AGREEMENT

Section 2.01 Voting Agreement. Each Shareholder, severally but not jointly, hereby agrees that, from and after the date hereof and until the termination of the Merger Agreement, at any meeting of the shareholders of the Company, however called, and in any action by consent of the shareholders of the Company, such Shareholder shall vote (or cause to be voted) such Shareholder's Shares (i) in favor of the approval and adoption of the Merger Agreement, the Merger and all the transactions contemplated by the Merger Agreement and this Agreement and otherwise in such manner as may be necessary to consummate the Merger; (ii) except as otherwise agreed to in writing by Parent, against any action, proposal, agreement or transaction that would result in a material breach of any covenant, obligation, agreement, representation or warranty of the

Company under the Merger Agreement (whether or not theretofore terminated) or of the Shareholder contained in this Agreement; and (iii) against any action, agreement or transaction that would materially delay or impair the ability of the Company to consummate the transactions provided for in the Merger Agreement or any Acquisition Proposal.

Section 2.02 Irrevocable Proxy. Each Shareholder hereby irrevocably appoints Parent and each of its officers as such Shareholder's attorney, agent and proxy, with full power of substitution, to vote and otherwise act (by written consent or otherwise) with

respect to such Shareholder's Shares at any meeting of shareholders of the Company (whether annual or special and whether or not an adjourned or postponed meeting) or by written consent in lieu of any such meeting or otherwise, on the matters and in the manner specified in Section 2.01. THIS PROXY AND POWER OF ATTORNEY ARE IRREVOCABLE AND COUPLED WITH AN INTEREST AND, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, SHALL BE VALID AND BINDING ON ANY PERSON TO WHOM A SHAREHOLDER MAY TRANSFER ANY OF HIS OR HER SHARES IN BREACH OF THIS AGREEMENT. Each Shareholder hereby revokes all other proxies and powers of attorney with respect to such Shareholder's Shares that may have heretofore been appointed or granted (the "Irrevocable Proxy"), and no subsequent proxy or power of attorney shall be given or written consent executed (and if given or executed, shall not be effective) by any Shareholder with respect thereto. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of any Shareholder and the termination of the Irrevocable Proxy and any obligation of the Shareholder under this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

Section 2.03 Conflicts. In the case of any Shareholder who is an officer or director of the Company, no provision of this Agreement, including Section 5.02 hereof, shall prevent or interfere with such Shareholder's performance of his or her obligations, if any, solely in his or her capacity as an officer or director of the Company, including, without limitation, in the case of a director of the Company, the fulfillment of his or her fiduciary duties, and in no event shall such performance constitute a breach of this Agreement. The execution and delivery of this Agreement by each Shareholder, and the performance of any obligations (or breach thereof) hereunder, are being undertaken, and shall be deemed to have been undertaken, by such persons solely in their capacity as shareholders of the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

Each Shareholder, severally but not jointly, hereby represents and warrants to Parent and Purchaser as follows:

Section 3.01 Legal Capacity. Such Shareholder has all legal capacity to enter into this Agreement, to carry out his or her obligations hereunder and to consummate the transactions contemplated hereby.

Section 3.02 Authority Relative to this Agreement. Such Shareholder has all necessary right, power and authority to execute and deliver this Agreement, to perform such Shareholder's obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered

by such Shareholder and constitutes a legal, valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 3.03 No Conflict. The execution and delivery of this Agreement by such Shareholder do not, and the performance of this Agreement by such Shareholder shall not, (i) to the knowledge of such Shareholder, conflict with or violate any Law applicable to such Shareholder (in his or her capacity as a Shareholder) or by which the Shares owned by such Shareholder are bound or affected or (ii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the Shares owned by

such Shareholder pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which such Shareholder is a party or by which such Shareholder or the Shares owned by such Shareholder are bound or affected, except for any such conflicts, violations, breaches, defaults or other occurrences that would not prevent or materially delay consummation of the transactions contemplated by this Agreement or otherwise prevent or materially delay such Shareholder from performing its material obligations under this Agreement.

Section 3.04 Title to the Shares. As of the date hereof, such Shareholder is the record or beneficial owner of, and has good and unencumbered title (except as set forth in Schedule A) to, the number of Shares set forth beneath such Shareholder's name on Schedule A hereto. Such Shares are all the securities of the Company owned, either of record or beneficially, by such Shareholder and such Shareholder does not have any option or other right to acquire any other securities of the Company. The Shares owned by such Shareholder are owned free and clear of all Liens, other than any Liens created by this Agreement. Except as provided in this Agreement, such Shareholder has not appointed or granted any proxy, which appointment or grant is still effective, with respect to the Shares owned by such Shareholder.

Section 3.05 Intermediary Fees. No investment banker, broker, finder or other intermediary is, or shall be, entitled to a fee or commission from Parent, Purchaser or the Company in respect of this Agreement based on any arrangement or agreement made by or on behalf of such Shareholder.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND PURCHASER

Parent and Purchaser hereby, jointly and severally, represent and warrant to each Shareholder as follows:

Section 4.01 Corporate Organization. Each of Parent and Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power, authority and governmental approvals would not prevent or materially delay consummation of the transactions contemplated by this Agreement or otherwise prevent or materially delay Parent or Purchaser from performing their respective obligations under this Agreement.

Section 4.02 Authority Relative to this Agreement. Each of Parent and Purchaser has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Parent and Purchaser and the performance by Parent and Purchaser of their obligations hereunder have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Parent or Purchaser is necessary to authorize this Agreement. This Agreement has been duly and validly executed and delivered by Parent and Purchaser and, assuming due authorization, execution and delivery by the Shareholders, constitutes a legal, valid and binding obligation of each of Parent and Purchaser enforceable against each of Parent and Purchaser in accordance with its terms.

Section 4.03 No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by Parent and Purchaser do not, and the performance of this Agreement by Parent and Purchaser shall not, (i) conflict with or violate the certificate of incorporation or by-laws or equivalent organizational documents of Parent or Purchaser, (ii) conflict with or violate any Law applicable to Parent or Purchaser and (iii) result in any 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, cancellation, vesting or acceleration of any obligation under, or require the consent of any other party to, any agreement, contract, instrument, bond, note, indenture, permit, license or franchise to which Parent or any of its Subsidiaries is a party or by which Parent, any of its Subsidiaries or any of their respective property is bound or affected, except any such conflicts or violations that would not prevent or materially delay consummation of the transactions contemplated by this Agreement or otherwise prevent or materially delay Parent or Purchaser from performing its obligations under this Agreement.

(b) The execution and delivery of this Agreement by Parent and Purchaser do not, and the performance of this Agreement by Parent and Purchaser shall not, require any consent, approval, authorization or permit of, or filing with, or notification to, any Governmental Entity, except (i) for applicable requirements, if any, of the Exchange Act and the HSR Act, and (ii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or materially delay consummation of the transactions contemplated by this Agreement or otherwise prevent Parent or Purchaser from performing their material obligations under this Agreement.

ARTICLE V

COVENANTS OF THE SHAREHOLDERS

Section 5.01 No Disposition or Encumbrance of Shares. Each Shareholder, severally but not jointly, hereby agrees that, except as contemplated by this Agreement, such Shareholder shall not (i) sell, transfer, tender, pledge, assign, contribute to the capital of any entity, hypothecate, give or otherwise dispose of, grant a proxy or power of attorney with respect to, deposit into any voting trust, enter into any voting agreement, or create or permit to exist any Liens of any nature whatsoever with respect to, any of such Shareholder's Shares (or agree or consent to, or offer to do, any of the foregoing) other than the making of bona fide gifts of Shares to persons who agree in writing to assume such Shareholder's obligations under, and to be bound by, this Agreement, in an aggregate amount of not more than 20,000 Shares per Shareholder (provided that bona fide charitable organizations under the Code need not agree to be so bound), (ii) other than as contemplated by this Agreement, take any action that would make any representation or warranty of such Shareholder herein untrue or incorrect in any material respect or have the effect of preventing or disabling such Shareholder from performing such Shareholder's material obligations hereunder or (iii) directly or indirectly, initiate, solicit or encourage any person to take actions that could reasonably be expected to lead to the occurrence of any of the foregoing. The parties hereto agree that the conversion of Shares by operation of law pursuant to the Merger shall not be prohibited by this Section 5.01.

Section 5.02 No Solicitation Of Transactions. Subject to Section 2.03 hereof, each Shareholder, severally and not jointly, agrees that between the date of this Agreement and the date of termination of the Merger Agreement, such Shareholder shall not, directly or indirectly, solicit, initiate, facilitate, including by furnishing any information to any person, or encourage the submission of any Acquisition Proposal or any proposal that may reasonably be expected to lead to, an Acquisition Proposal.

Section 5.03 Further Action; Reasonable Best Efforts. Upon the terms and subject

to the conditions hereof, Parent, Purchaser and each Shareholder shall use their reasonable best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary under applicable laws and regulations to consummate and make effective this Agreement.

Section 5.04 Disclosure. Each Shareholder agrees to permit Parent and Purchaser to publish and disclose in the Offer Documents and the Proxy Statement and related filings under the securities laws such Shareholder's identity and ownership of Shares and the nature of his or her commitments, arrangements and understandings under this Agreement.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Termination. Each Shareholder's obligation hereunder to tender, and not withdraw, their Shares pursuant to the Offer shall terminate on the earlier of (i) the expiration date of the Offer and (ii) the termination of the Merger Agreement. The remaining provisions of this Agreement shall terminate, and no party shall have any rights or obligations hereunder and this Agreement shall become null and void and have no further effect upon the earlier of (x) the Effective Time and (y) the termination of the Merger Agreement. Nothing in this Section 6.01 shall relieve any party of liability for any willful breach of this Agreement. Parent and Purchaser acknowledge that, in the event of termination of this Agreement, Shareholders shall no longer have any obligation hereunder.

Section 6.02 Adjustments. (a) In the event of (i) any increase or decrease or other change in the Shares by reason of stock dividend, stock split, recapitalization, combination, exchange of shares or the like or (ii) a Shareholder becomes the beneficial owner of any additional Shares or other

securities of the Company, then the terms of this Agreement, including the term "Shares" as defined herein, shall apply to the shares of capital stock and other securities of the Company held by such Shareholder immediately following the effectiveness of the events described in clause (i) or such Shareholder becoming the beneficial owner thereof pursuant to clause (ii).

(b) Each Shareholder hereby agrees, while this Agreement is in effect, to promptly notify Parent and Purchaser of the number of any new Shares acquired by such Shareholder, if any, after the date hereof.

Section 6.03 Amendment. This Agreement may not be amended except by an instrument in writing signed by all the parties hereto.

Section 6.04 Waiver. Any party to this Agreement may (i) extend the time for the

performance of any obligation or other act of any other party hereto, (ii) waive any inaccuracy in the representations and warranties of another party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any agreement of another party contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby.

Section 6.05 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by telecopy, or by registered or certified mail (postage prepaid, return receipt requested) to the Parent or Purchaser specified below, or specified (in the case of each Shareholder) adjacent to each Shareholder's name in Schedule A:

if to Parent or Purchaser:

Minnesota Mining and Manufacturing Company
Office of the General Counsel
Building 220-14W-07
St. Paul, MN 55144
Attention: General Counsel
Telecopy No.: (651) 736-9469

with a copy to:

Minnesota Mining and Manufacturing Company
Office of the General Counsel
Building 220-11E-02
St. Paul, MN 55144
Attention: Gregg Larson, Esq.
Telecopy No.: (651) 736-9469

with a further copy to:

Dorsey & Whitney LLP
Pillsbury Center South
220 South Sixth Street
Minneapolis, Minnesota 55402-1498
Attention: John T. Kramer, Esq.
Telecopy No.: (612) 340-8738

Section 6.06 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 by this Agreement 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 in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 6.07 Further Assurances. Each Shareholder, Parent and Purchaser shall execute and deliver all such further documents and instruments and take all such further action as may be reasonably necessary in order to consummate the transactions contemplated hereby.

Section 6.08 Assignment. This Agreement shall not be assigned by

operation of law or otherwise, except that Parent and Purchaser may assign all or any of their rights and obligations hereunder to any affiliate of Parent; provided that no such assignment shall relieve Parent or Purchaser of its obligations hereunder if such assignee does not perform such obligations.

Section 6.09 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 6.10 Specific Performance. The parties hereto agree that irreparable damage may occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

Section 6.11 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.

Section 6.12 Waiver of Jury Trial. Each of the parties hereto hereby waives to the fullest extent permitted by applicable law any right it may have to a trial by jury with respect to any actions or proceedings directly or indirectly arising out of, under or in connection with this Agreement.

Section 6.13 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, or, in the case of legal expenses of the Shareholders, by the Company (it being understood that the Shareholders have not retained their own counsel but have utilized

the services of the Company's outside counsel).

Section 6.14 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.15 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

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SIGNATURE PAGE FOLLOWS]

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

/s/ D. Westervelt Davis

Name: Westervelt Davis

/s/ Edward J. Stewart

Name: Edward J. Stewart

/s/ Peter E. Brumme

Name: Peter E. Brumme

/s/ Frank Manning

Name: Frank Manning

/s/ James D. Logan

Name: James D. Logan

/s/ Geoffrey P. Clear

Name: Geoffrey P. Clear

/s/ James W. Ellis

Name: James W. Ellis

/s/ Robert D. Becker

Name: Robert D. Becker

MINNESOTA MINING AND
MANUFACTURING COMPANY

By /s/ Ronald A. Weber

Name: Ronald A. Weber
Title: Executive Vice President

EQUINOX ACQUISITION INC.

By /s/ Ronald A. Weber

Name: Ronald A. Weber
Title: President

SCHEDULE A

NAME AND ADDRESS	COMMON STOCK	STOCK OPTIONS
D. Westervelt Davis	12,000	367,500
James D. Logan	120,598	50,000
Edward J. Stewart III	22,000	30,000
Frank Manning		45,000
Peter E. Brumme		25,000
Geoffrey P. Clear	5,222	133,500
Robert D. Becker		72,000
James W. Ellis		37,000

(*) The address for each Shareholder is c/o MicroTouch Systems, Inc., 300 Griffin Brook Park Drive, Methuen, Massachusetts 01844

EXHIBIT (d)(3)

STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT is made and entered into as of November 13, 2000, by and between MicroTouch Systems, Inc., a Massachusetts corporation (the "Issuer") and Minnesota Mining and Manufacturing Company, a Delaware corporation (the "Grantee").

W I T N E S S E T H:

WHEREAS, Grantee and Issuer have entered into an Agreement and Plan of Merger of even date herewith (the "Merger Agreement"), which agreement has been executed by the parties hereto immediately prior to this Agreement; and

WHEREAS, as a condition to Grantee's entering into the Merger Agreement and in consideration therefor, Issuer has agreed to grant Grantee the Option (as hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Merger Agreement, the parties hereto agree as follows:

Section 1.

(a) Issuer hereby grants to Grantee an unconditional, irrevocable option (the "Option") to purchase, subject to the terms hereof, up to 1,291,873 fully paid and nonassessable shares (the "Option Shares") of Issuer's Common Stock, par value $0.01 per share ("Common Stock"), at a price of $21.00 per share, or, if higher, the highest price offered by Grantee in the Offer (as defined in the Merger Agreement) (the "Option Price"); provided that in no event shall the number of shares of Common Stock for which this Option is exercisable exceed 19.9% of the Issuer's issued and outstanding shares of Common Stock without giving effect to any shares subject to or issued pursuant to the Option. The number of shares of Common Stock that may be received upon the exercise of the Option and the Option Price are subject to adjustment as herein set forth.

(b) In the event that any additional shares of Common Stock are issued or otherwise become outstanding after the date of this Agreement (other than pursuant to this Agreement), the number of shares of Common Stock subject to the Option shall be increased so that, after such issuance, it equals 19.9% of the number of shares of Common Stock then issued and outstanding without giving effect to any shares subject to or issued pursuant to the Option. Nothing contained

in this Section 1(b) or elsewhere in this Agreement shall be deemed to authorize Issuer or Grantee to breach any provision of the Merger Agreement.

Section 2.

(a) The Holder (as hereinafter defined) may exercise the Option, in whole or part, and from time to time, if, but only if, both an Initial Triggering Event (as hereinafter defined) and a Subsequent Triggering Event (as hereinafter defined) shall have occurred prior to the occurrence of an Exercise Termination Event (as hereinafter defined); provided that the Holder shall have sent the written notice of such exercise (as provided in subsection (e) of this Section 2) within ninety (90) days following such Subsequent Triggering Event. Each of the following shall be an "Exercise Termination Event": (i) the Effective Time (as defined in the Merger Agreement) of the Merger; (ii) termination of the Merger Agreement in accordance with the provisions thereof if such termination occurs prior to the occurrence of an Initial Triggering Event except a termination by Grantee pursuant to Section 8.1(d)(i) of the Merger Agreement; or (iii) the passage of six months after termination of the Merger Agreement if such termination follows the occurrence of an Initial Triggering Event or is a termination by Grantee pursuant to Section 8.1(d)(i) of the Merger Agreement (provided that if an Initial Triggering Event continues or occurs beyond such termination and prior to the passage of such six-month period, the Exercise Termination Event shall be three months from the expiration of the Last Triggering Event but in no event more than nine months after such termination). The "Last Triggering Event" shall mean the last Initial Triggering Event to expire. The term "Holder" shall mean the holder or holders of the Option.

(b) The term "Initial Triggering Event" shall mean any of the following events or transactions occurring after the date hereof:

(i) Issuer or any of its Subsidiaries (each an "Issuer Subsidiary"), without having received Grantee's prior written consent, shall have entered into an agreement to engage in an Acquisition Transaction with any Person other than Grantee or any of its Subsidiaries (each a "Grantee Subsidiary") or the Board of Directors of Issuer shall have recommended that the stockholders of Issuer approve

or accept any Acquisition Transaction or shall have failed to publicly oppose an Acquisition Transaction, in each case with any person other than Grantee or a Grantee Subsidiary;

(ii) Issuer or any Issuer Subsidiary, without having received Grantee's prior written consent, shall have authorized, recommended, proposed or publicly announced its intention to authorize, recommend or propose to engage in, an Acquisition Transaction with any person other

than Grantee or a Grantee Subsidiary, or the Board of Directors of Issuer shall have publicly withdrawn or modified, or publicly announced its intention to withdraw or modify, in any manner adverse to Grantee, its recommendation that the stockholders of Issuer approve the transactions contemplated by the Merger Agreement;

(iii) Issuer terminates the Merger Agreement pursuant to Section 8.1(h) of the Merger Agreement;

(iv) Any person other than Grantee, any Grantee Subsidiary or any Issuer Subsidiary acting in a fiduciary capacity in the ordinary course of its business shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the outstanding shares of Common Stock (the term "beneficial ownership" for purposes of this Option Agreement having the meaning assigned thereto in Section 13(d) of the 1934 Act, and the rules and regulations thereunder); or

(v) After an overture is made by a third party to Issuer or its stockholders to engage in an Acquisition Transaction, Issuer shall have breached any covenant or obligation contained in the Merger Agreement and such breach (x) would entitle Grantee to terminate the Merger Agreement and (y) shall not have been cured prior to the Notice Date (as defined below).

(c) The term "Subsequent Triggering Event" shall mean either of the following events or transactions occurring after the date hereof:

(i) The acquisition by any person of beneficial ownership of 20% or more of the then outstanding Common Stock; or

(ii) The occurrence of the Initial Triggering Event described in clause (i) of subsection (b) of this Section 2.

(d) Issuer shall notify Grantee promptly in writing of the occurrence of any Initial Triggering Event or Subsequent Triggering Event (together, a "Triggering Event"), it being understood that the giving of such notice by Issuer shall not be a condition to the right of the Holder to exercise the Option.

(e) In the event the Holder is entitled to and wishes to exercise the Option, it shall send to Issuer a written notice (the date of which being herein referred to as the "Notice Date") specifying (i) the total number of shares it will purchase pursuant to such exercise and (ii) a place and date within five business

days from the Notice Date for the closing of such purchase (the "Closing Date"). Any exercise of the Option shall be deemed to occur on the Closing Date.

(f) At the closing referred to in subsection (e) of this Section 2, the Holder shall pay to Issuer the aggregate purchase price for the shares of Common Stock purchased pursuant to the exercise of the Option in immediately available funds by wire transfer to a bank account designated by Issuer, provided that failure or refusal of Issuer to designate such a bank account shall not preclude the Holder from exercising the Option.

(g) At such closing, simultaneously with the delivery of immediately available funds as provided in subsection (f) of this Section 2, Issuer shall deliver to the Holder a certificate or certificates representing the number of shares of Common Stock purchased by the Holder and, if the Option should be exercised in part only, a new Option evidencing the rights of the Holder thereof to purchase the balance of the shares purchasable hereunder, and the Holder shall deliver to Issuer a copy of this Agreement and a letter agreeing that the Holder will not offer to sell or otherwise dispose of such shares in violation of applicable law or the provisions of this Agreement.

(h) Certificates for Common Stock delivered at a closing hereunder may be endorsed with a restrictive legend that shall read substantially as follows:

"The transfer of the shares represented by this certificate is subject to certain provisions of an agreement between the registered holder hereof and Issuer and to resale restrictions arising under the Securities Act of 1933, as amended. A copy of such agreement is on file at the principal office of Issuer and will be provided to the holder hereof without charge upon receipt by Issuer of a written request therefor."

It is understood and agreed that: (i) the reference to the resale restrictions of the Securities Act of 1933, as amended (the "1933 Act"), in the above legend shall be removed by delivery of substitute certificate(s) without such reference if the Holder shall have delivered to Issuer a copy of a letter from the staff of the SEC, or an opinion of counsel, in form and substance reasonably satisfactory to Issuer, to the effect that such legend is not required for purposes of the 1933 Act; (ii) the reference to the provisions to this Agreement in the above legend shall be removed by delivery of substitute certificate(s) without such reference if the shares have been sold or transferred in compliance with the provisions of this Agreement and under circumstances that do not require the retention of such reference; and (iii) the legend shall be removed in its entirety if the conditions in the preceding clauses (i) and (ii) are both satisfied. In addition, such certificates shall bear any other legend as may be required by law.

(i) Upon the giving by the Holder to Issuer of the written notice of exercise of the Option provided for under subsection (e) of this Section 2 and the tender of the applicable purchase price in immediately available funds, the Holder shall be deemed to be the holder of record of the shares of Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of Issuer shall then be closed or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder.

(j) Issuer shall pay all expenses, and any and all United States federal, state and local taxes and other charges that may be payable in connection with the preparation, issue and delivery of stock certificates under this Section 2 in the name of the Holder or its assignee, transferee or designee.

Section 3. Issuer agrees: (i) that it shall at all times maintain, free from preemptive rights, sufficient authorized but unissued or treasury shares of Common Stock so that the Option may be exercised without additional authorization of Common Stock after giving effect to all other options, warrants, convertible securities and other rights to purchase Common Stock; (ii) that it will not, by charter amendment or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by Issuer; (iii) promptly to take all action as may from time to time be required (including complying with all premerger notification, reporting and waiting period requirements specified in 15 U.S.C. sec. 18a and regulations promulgated thereunder necessary before the Option may be exercised, cooperating fully with the Holder in preparing such applications or notices and providing such information to any federal or state regulatory authority as they may require) in order to permit the Holder to exercise the Option and Issuer duly and effectively to issue shares of Common Stock pursuant hereto; (iv) promptly to take all action provided herein to protect the rights of the Holder against dilution; and (v) that, for the purpose of determining shareholders eligible to vote at a meeting of shareholders, it will not establish a record date that is earlier than the 10th business day following the date on which it has been publicly disclosed that Issuer has entered into a definitive agreement relating to an Acquisition Transaction (as defined in the Merger Agreement).

Section 4. Subject to Section 10 hereof, this Agreement (and the Option granted hereby) are exchangeable, without expense, at the option of the Holder, upon presentation and surrender of this Agreement at the principal office of Issuer, for other Agreements providing for Options of different denominations entitling the holder thereof to purchase, on the same terms and subject to the same conditions as are set forth herein, in the aggregate the same number of shares of

Common Stock purchasable hereunder. The terms "Agreement" and "Option" as used herein include any Stock Option Agreements and related Options for which this Agreement (and the Option granted hereby) may be exchanged. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Agreement, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Agreement, if mutilated, Issuer will execute and deliver a new Agreement of like tenor and date.

Section 5. In addition to the adjustment in the number of shares of Common Stock that are purchasable upon exercise of the Option pursuant to Section 1 of this Agreement, the number of shares of Common Stock purchasable upon the exercise of the Option and the Option Price shall be subject to adjustment from time to time as provided in this Section 5. In the event of any change in, or distributions in respect of, the Common Stock by reason of stock dividends, split-ups, mergers, recapitalizations, combinations, subdivisions, conversions, exchanges of shares, distributions on or in respect of the Common Stock that would be prohibited under the terms of the Merger Agreement, or the like, the type and number of shares of Common Stock purchasable upon exercise hereof and the Option Price shall be appropriately adjusted in such manner as shall fully preserve the economic benefits provided hereunder and proper provision shall be made in any agreement governing any such transaction to provide for such proper adjustment and the full satisfaction of the Issuer's obligations hereunder.

Section 6.

(a) Demand Registration Rights. Following the occurrence of a Subsequent Triggering Event that occurs prior to an Exercise Termination Event, and provided that Grantee agrees in writing at the time of exercise of its rights under this Section 6 that Grantee irrevocably agrees to exercise the Option immediately following the effectiveness of the registration statement relating to the demand (or such earlier time as required by the SEC or its staff), Issuer shall, subject to the conditions of Section 6(c) below, if requested by Grantee within 12 months following the occurrence of the Subsequent Triggering Event, as expeditiously as possible prepare and file a registration statement under the Securities Act if such registration is necessary in order to permit the sale or other disposition of any or all shares of Common Stock of Issuer or other securities that have been acquired by or are issuable to Grantee upon exercise of the Option in accordance, subject to the terms and conditions of this Section 6, with the intended method of sale or other disposition stated by Grantee in such request, and Issuer shall use its best efforts to qualify such shares or other securities for sale under any applicable state securities laws; provided, however, that Issuer shall not be required to consent to general jurisdiction or qualify to do business in any state

where it is not otherwise required to so consent to such jurisdiction or to so qualify to do business.

(b) Additional Registration Rights. If Issuer, at any time after the exercise of the Option and prior to the first anniversary of the date of the Subsequent Triggering Event, proposes to register any securities of Issuer or rights representing securities of Issuer under the Securities Act, Issuer will promptly give written notice to Grantee of its intention to do so and, upon the written request of any Grantee given within thirty (30) days after receipt of any such notice (which request shall specify the number of shares of Common Stock of Issuer intended to be included in such public offering by Grantee), Issuer will cause all such shares for which a Grantee requests participation in such registration, to be so registered and included in such public offering; provided, however, that Issuer may elect not to cause any such shares to be so registered (i) if such public offering is to be underwritten and the underwriters in good faith object for valid business reasons, or (ii) in the case of a registration solely to implement an employee benefit plan or a registration filed on Form S-4 of the Securities Act or any successor form; provided further, however, that such election pursuant to (i) may only be made twice. If some but not all of the shares of Common Stock of Issuer with respect to which Issuer shall have received requests for registration pursuant to this Section 6(b) shall be excluded from such registration, Issuer shall make appropriate allocation of shares to be registered among the selling shareholders desiring to register their shares pro rata in the proportion that the number of shares requested to be registered by each such selling shareholder bears to the total number of shares requested to be registered by all such selling shareholders then desiring to have shares of Common Stock of Issuer registered for sale.

(c) Conditions to Required Registration. Issuer shall use all reasonable efforts to cause each registration statement referred to in Section 6(a) above to become effective and to obtain all consents or waivers of other parties which are required therefor and to keep such registration effective; provided, however, that Issuer may delay any registration of any shares of Common Stock issued upon total or partial exercise of this Option (the "Option Shares") required pursuant to Section 6(a) above for a period not exceeding 90 days provided Issuer shall in good faith determine that any such registration would adversely affect Issuer (provided that this right may not be exercised more than once during any twelve (12) month period), and Issuer shall not be required to register Option Shares under the Securities Act pursuant to Section 6(a) above:

(i) on more than one occasion during any calendar year;

(ii) on more than two occasions in total;

(iii) unless Grantee requests that at least half of the Option Shares be registered;

(iv) within ninety (90) days after the effective date of a registration referred to in Section 6(b) above pursuant to which Grantee was afforded the opportunity to register such shares under the Securities Act and not less than 25% of such shares were registered as requested, nor shall Grantee sell or otherwise transfer any Option Shares during such period if requested by Issuer on behalf of the underwriters of any Common Stock offering made on behalf of Issuer; or

(v) if all the Option Shares proposed to be registered could be sold by Grantee in a ninety (90) day period in accordance with Rule 144.

In addition to the foregoing, Issuer shall not be required to maintain the effectiveness of any registration statement after the expiration of ninety (90) days from the effective date of such registration statement. Issuer shall use all reasonable efforts to make any filings, and take all steps, under all applicable state securities laws to the extent necessary to permit the sale or other disposition of the Option Shares so registered in accordance with the intended method of distribution for such shares; provided, however, that Issuer shall not be required to consent to general jurisdiction or qualify to do business in any state where it is not otherwise required to so consent to such jurisdiction or to so qualify to do business. Grantee shall provide Issuer with all information reasonably requested by Issuer that is necessary for inclusion in any registration statement required to be filed hereunder.

Section 7. The 90-day period for exercise of certain rights under Sections 2, 6 and 10 shall be extended: (i) to the extent necessary to obtain all regulatory approvals for the exercise of such rights, and for the expiration of all statutory waiting periods; and (ii) to the extent necessary to avoid liability under Section 16(b) of the 1934 Act by reason of such exercise.

Section 8. Issuer hereby represents and warrants to Grantee as follows:

(a) Issuer has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Issuer and no other corporate proceedings on the part of Issuer are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Issuer.

(b) Issuer has taken all necessary corporate action to authorize and reserve and to permit it to issue, and at all times from the date hereof through the termination of this Agreement in accordance with its terms will have reserved for issuance upon the exercise of the Option, that number of shares of Common Stock equal to the maximum number of shares of Common Stock at any time and from time to time issuable hereunder, and all such shares, upon issuance pursuant hereto, will be duly authorized, validly issued, fully paid, nonassessable, and will be delivered free and clear of all claims, liens, encumbrances and security interests and not subject to any preemptive rights.

Section 9. Grantee hereby represents and warrants to Issuer that:

(a) Grantee has all requisite corporate power and authority to enter into this Agreement and, subject to any approvals or consents referred to herein, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Grantee. This Agreement has been duly executed and delivered by Grantee.

(b) The Option is not being, and any shares of Common Stock or other securities acquired by Grantee upon exercise of the Option will not be, acquired with a view to the public distribution thereof and will not be transferred or otherwise disposed of except in a transaction registered or exempt from registration under the Securities Act and otherwise in compliance with applicable rules and regulations of applicable federal and state securities laws.

Section 10. Neither of the parties hereto may assign any of its rights

or obligations under this Option Agreement or the Option created hereunder to any other person, without the express written consent of the other party, except that in the event a Subsequent Triggering Event shall have occurred prior to an Exercise Termination Event, Grantee, subject to the express provisions hereof, may assign in whole or in part its rights and obligations hereunder to an affiliate within ninety (90) days following such Subsequent Triggering Event (or such later period as provided in Section 7).

Section 11. Each of Grantee and Issuer will use its reasonable commercial efforts to make all filings with, and to obtain consents of, all third parties and governmental authorities necessary to the consummation of the transactions contemplated by this Agreement, including without limitation making application to list the shares of Common Stock issuable hereunder on the Nasdaq National Market upon official notice of issuance.

Section 12. The parties hereto acknowledge that damages may be an inadequate remedy for a breach of this Agreement by either party hereto and that the obligations of the parties hereto shall be enforceable by either party hereto through injunctive or other equitable relief.

Section 13. If any term, provision, covenant or restriction contained in this Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If for any reason such court or regulatory agency determines that the Holder is not permitted to acquire, or Issuer is not permitted to repurchase pursuant to Section 7, the full number of shares of Common Stock provided in Section 1(a) hereof (as adjusted pursuant to Section 1(b) or 5 hereof), it is the express intention of Issuer to allow the Holder to acquire or to require Issuer to repurchase such lesser number of shares as may be permissible, without any amendment or modification hereof.

Section 14. All notices, requests, claims, demands and other communications hereunder shall be deemed to have been duly given when delivered in person, by cable, telegram, telecopy or telex, or by registered or certified mail (postage prepaid, return receipt requested) at the respective addresses of the parties set forth in the Merger Agreement.

Section 15. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 16. 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 17. Except as otherwise expressly provided herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel. All fees and expenses of any registration of Option Shares hereunder shall be borne by Grantee.

Section 18. Except as otherwise expressly provided herein or in the Merger Agreement, this Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all

prior arrangements or understandings with respect thereof, written or oral. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors except as assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

Section 19. Capitalized terms used in this Agreement and not defined herein shall have the meanings assigned thereto in the Merger Agreement.

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SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed under seal on its behalf by its officers thereunto duly authorized, all as of the date first above written.

MICROTOUCH SYSTEMS, INC.

By: /s/ D. Westervelt Davis

Name: D. Westervelt Davis
Title: Chief Executive Officer

MINNESOTA MINING AND MANUFACTURING COMPANY

By: /s/ Ronald A. Weber

Name: Ronald A. Weber
Title: Executive Vice President